copal Church, of Watkins, N. Y., favoring national prohibition; to the Committee on the Judiciary.

Also, petition of "Beecher Central White Ribboners," of Elmira, N. Y., by Mrs. Hannah A. Faucett, favoring national prohibition and other temperance measures; to the Committee on the Judiciary.

By Mr. RAINEY: Petition of 270 citizens of Ohio, favoring Rainey mixed-flour law; to the Committee on Ways and Means.

Also, petition of Henry Love and 24 other citizens of Athens, Ill., favoring national prohibition; to the Committee on the Judiciary.

Also, petition of T. V. Brannon and 18 other citizens of Beardstown, Ill., against the migratory-bird treaty act; to the Committee on Foreign Affairs.

Also, petition of J. F. Kyler and 14 other citizens of Kirkwood, Ill., favoring migratory-bird treaty act; to the Committee on Foreign Affairs.

By Mr. REILLY: Petitions of sundry citizens of Markesan and Waupun, Wis., favoring prohibition; to the Committee on the Judiciary.

Also, petition of sundry citizens of Two Rivers, Wis., protesting against war; to the Committee on Foreign Affairs.

By Mr. ROGERS: Petition of 15 people of the Ayer Woman's Christian Temperance Union, Ayer, and 200 people of the First Unitarian Parish Church, Ayer, Mass., favoring a national constitutional prohibition amendment; to the Committee on the Judiciary.

By Mr. ROWE: Memorial of Equal Rights Association of Kentucky relative to suffrage for women; to the Committee on the Judiciary.

Also, petition of the Commercial Exchange of Philadelphia, Pa., approving the President's action in regard to Germany; to the Committee on Foreign Affairs.

Also, petition of Jacob C. Klinck, Brooklyn, N. Y., favoring the Borland-Gallinger daylight-saving bill; to the Committee on Interstate and Foreign Commerce.

Also, petition of Miss Mary W. Pastone, the Manor, Albemarle Park, Asheville, N. C., favoring the migratory-bird treaty act; to the Committee on Foreign Affairs.

Also, petition of W. M. Wadsworth, eastern representative of the Paramount Knitting Co., New York City, favoring the migratory-bird treaty act, also any legislation for universal military training; to the Committee on Foreign Affairs.

Also, petition of the Robert Graves Co., New York City, protesting against House bill 20573; to the Committee on Ways and Means.

Also, petition of Claflin, Thayer & Co., New York City, opposing the passage of House bill 17606, to limit the power of the Federal Reserve Board; to the Committee on Banking and Currency.

Also, petition of Ocean Parkway Methodist Episcopal Church, Brooklyn, N. Y., protesting against a wet referendum amendment to the District prohibition bill and favoring national prohibition; to the Committee on the District of Columbia.

By Mr. SHERLEY: Petition of sundry citizens of Louisville, Ky., pledging their support to the President on any action he may take in the present crisis; to the Committee on Foreign Affairs.

By Mr. SHOUSE: Petition of 30 people of the Embroidery Club, Stafford, and 115 people of the Coldwater Methodist Episcopal Church, Coldwater, Kans., favoring a national constitutional prohibition amendment; to the Committee on the Judiciary.

By Mr. SNELL: Petition of the engineers, firemen, conductors, and trainmen of New York State, emphatically protesting against and disapproving House bill 20752 and Senate bill 8201, and requesting all legislators to vote against the same or any other bills containing similar provisions, by W. C. Whish, legislative representative, Brotherhood of Locomotive Engineers; J. E. Gray, legislative representative, Order of Railway Conductors; Thomas E. Ryan, legislative representative, Brotherhood of Locomotive Firemen and Engineers; John Fitzgibbons, legislative representative, Brotherhood of Railway Trainmen; to the Committee on Interstate and Foreign Commerce.

By Mr. STEENERSON: Resolution adopted by the Norman County (Minn.) Rod and Gun Club, favoring the migratory-bird treaty act; to the Committee on Foreign Affairs.

Also, petition of 23 citizens of Polk and Norman Counties, Minn., favoring national prohibition, the bone-dry amendment, and against a referendum to the District prohibition bill; to the Committee on the Judiciary.

By Mr. TAYLOR of Colorado: Petition of citizens of Palisade, Colo., protesting against provision of the revenue bill imposing tax on corporations on excess profits; to the Committee on Ways and Means.

By Mr. TREADWAY: Petition of sundry citizens of the State of Massachusetts, favoring national prohibition; to the Committee on the Judiciary.

By Mr. WARD: Petition signed by officers of Methodist Episcopal and Friends' Church at Plattekill, N. Y., favoring the passage of prohibition measures; to the Committee on the Judiciary.

By Mr. WINGO: Petitions of sundry citizens and organizations of Arkansas, favoring national prohibition; to the Committee on the Judiciary.

SENATE.

WEDNESDAY, *February 28, 1917.*

(Legislative day of Tuesday, February 27, 1917.)

The Senate reassembled at 10 o'clock a. m., on the expiration of the recess.

THE REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 20573) to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications, and for other purposes.

The VICE PRESIDENT. The pending question is on the amendment of the committee on page 15 of the bill.

Mr. SMOOT. Mr. President, there are very few Senators in the Chamber, and we want to vote immediately, if possible, on the pending oleomargarine amendment. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	Lodge	Sheppard
Bankhead	Gronna	McCumber	Simmons
Bryan	Hardwick	Martin, Va.	Smith, Ga.
Chamberlain	Hollis	Martine, N. J.	Smoot
Chilton	James	Myers	Sterling
Clapp	Johnson, S. Dak.	Nelson	Sutherland
Culberson	Jones	Norris	Thomas
Cummins	Kenyon	Overman	Underwood
Curtis	La Follette	Page	Wadsworth
Dillingham	Lane	Penrose	Weeks
Fernald	Lea, Tenn.	Shafroth	Works

The VICE PRESIDENT. Forty-four Senators have answered to the roll call. There is not a quorum present. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators, and Mr. HUSTING, Mr. KIRBY, Mr. POMERENE, Mr. SHIELDS, Mr. THOMPSON, and Mr. VARDAMAN answered to their names when called.

Mr. TOWNSEND entered the Chamber and answered to his name.

Mr. MARTINE of New Jersey. I desire to announce the absence of the Senator from Oklahoma [Mr. GORE] through illness. I ask that this announcement may stand for the day.

Mr. HOLLIS. I have been requested to announce that the Senator from Delaware [Mr. SAULSBURY] is detained on official business.

The VICE PRESIDENT. Fifty-one Senators have answered to the roll call. There is a quorum present. The pending question is the committee amendment on page 15.

Mr. UNDERWOOD. Mr. President, there is a very small attendance here, and I should like to have a full Senate, but as far as I am concerned I am perfectly willing to let the vote be taken now and take the record vote when the bill gets into the Senate to-night.

Mr. STERLING. I send to the desk telegrams relative to the oleomargarine amendment, which I should like to have read.

The VICE PRESIDENT. Is there objection?

Mr. UNDERWOOD. What is the request?

The VICE PRESIDENT. The request is that certain telegrams about oleomargarine be read. Is there objection? The Chair hears none, and the Secretary will read.

The Secretary read as follows:

PIERRE, S. DAK., *February 28, 1917.*

Hon. THOMAS STERLING,
Washington, D. C.:

The legislature to-day passed the following resolution:

"*Be it resolved*, That the secretary of state be, and is hereby, instructed to telegraph to the Representatives of the State of South Dakota in the United States Senate and House of Representatives a protest on behalf of the Fifteenth Session of the Legislature of the State of South Dakota against the removal of the duty on oleomargarine."

FRANK M. ROOD,
Secretary of State.

YANKTON, S. DAK., *February 27, 1917.*

Senator THOMAS STERLING,
Washington, D. C.:

The dairy industry, one of the most important in South Dakota, will be vitally injured by the passage of the oleomargarine clause in Under-

wood amendment. We believe we voice the sentiment of every farmer, dairy, and creamery in the State in requesting you to use your influence to prevent its passage.

J. A. DANFORTH.
KEATING CREAMERY.
J. J. NISSEN.
PLATTE CREAMERY.
M. H. HOLMAN.
J. K. VANCAMP.
M. M. BENNETTE.

Mr. GRONNA. I have 15 or 16 telegrams from citizens of my State bearing on this question. I ask that one of them be read and that all of them be noted in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none.

MOTT, N. DAK., *February 27, 1917.*

A. J. GRONNA,
Washington, D. C.:

Underwood amendment to international revenue bill removing tax on oleomargarine against interest of butter producers of Northwest. North Dakota getting nicely started in dairying; needs encouragement. North Dakota enters protest against this bill.

V. H. CRANE.

Telegrams from F. B. Stevenson, G. Kasper, the Equity Exchange, the White City Barber Shop, the Mott Supply Co., the German State Bank, A. B. Stohoski, Fietzage Bros., the First National Bank, J. B. Smith, the Mott Drug Co., F. T. Rucker, and from the First State Bank, all of Mott, N. Dak.

Telegrams from the Farmers Cooperative Creamery Association, of Maddock, N. Dak., and from Palmer Medhus, C. O. Running, and the Scofield Implement Co., all of Minot, N. Dak.

Mr. McCUMBER. I desire to state that I have a vast number of like messages from the State, but inasmuch as the one my colleague has read indicates the sentiment of the State I really do not think it is necessary to have the others placed in the RECORD.

Mr. JOHNSON of South Dakota. I have received a large number of telegrams from my State touching the same question. My colleague from South Dakota [Mr. STERLING] has presented some coming from the same places, and as there are so many and the time is so short I do not feel that it will be necessary for me to present them, as they cover the same object.

AMENDMENTS TO APPROPRIATION BILLS.

Mr. WORKS. Out of order, I ask leave to submit an amendment intended to be proposed by me to the sundry civil appropriation bill (H. R. 20967) to appropriate $80,158.73 to repay money advanced by the Yosemite Valley Railroad Co. on behalf of the Government to construct a wagon road in Yosemite Park.

The VICE PRESIDENT. The amendment will be referred to the Committee on Appropriations and printed.

Mr. PENROSE. Out of order likewise, I desire to submit an amendment to the sundry civil appropriation (H. R. 20967), so called, to appropriate $135,000 for a general storehouse, War Department, for reference to the Committee on Appropriations.

The VICE PRESIDENT. The amendment will be referred to the Committee on Appropriations

LANDS AT PORT ANGELES, STATE OF WASHINGTON.

Mr. MYERS. Out of order, I ask leave to report back from the Committee on Public Lands, with amendments, the bill (S. 3585) providing for the disposal of certain lands at Port Angeles, State of Washington, and I submit a report (No. 1125) thereon. I call the attention of the Senator from Washington [Mr. JONES] to this report.

Mr. JONES. I will say that the bill consists of about half a dozen lines, and a similar bill has passed the Senate heretofore.

Mr. SMOOT. I shall not object now, but I shall object to any more morning business injected at this time. I think we had better go on with the bill before the Senate.

Mr. JONES. I ask for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole.

The amendments were, on page 1, line 9, before the word "ten," to strike out the word "and," and after the word "ten," in the same line, to insert "sixteen and seventeen," so as to make the bill read:

Be it enacted, etc., That all lots in block 32, in the city of Port Angeles, State of Washington, now reserved for Government purposes under an act entitled "An act providing for the reappraisement and sale of certain lands in the town site of Port Angeles, Wash., and for other purposes," approved March 16, 1912, except lots 1, 8, 9, 10, 16, and 17, shall be disposed of under and pursuant to the provisions of said act of March 16, 1912, and the Secretary of the Interior is hereby directed to proceed at once to carry out the provisions of this act.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ENROLLED BILLS SIGNED.

The VICE PRESIDENT announced his signature to the following enrolled bills, which had previously been signed by the Speaker of the House:

S. 8227. An act granting the consent of Congress to the city of Fort Atkinson, in Jefferson County, Wis., for the construction of a bridge across the Rock River;

S. 8295. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent relatives of such soldiers and sailors; and

H. R. 20451. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war.

THE REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 20573) to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications, and for other purposes.

The VICE PRESIDENT. The question is on the amendment of the committee on page 15.

Mr. UNDERWOOD. Mr. President, I should be very glad to have an understanding that this amendment shall be voted on at 12 o'clock, when there will be a full Senate here.

Mr. SMOOT. I doubt very much whether, under the unanimous-consent agreement, that can be granted at this time. I think we had best follow what the Senator suggested, and take a vote on the amendment at this time, if no Senator desires to speak, and then the Senator can reserve the right to vote upon it in the Senate.

Mr. UNDERWOOD. I wish to discuss the amendment for a few minutes.

Mr. President, there is a very active opposition to the pending amendment, growing out of the fact that a great industry in this country is affected, and, on the other hand, there is a strong advocacy of the amendment because another industry is affected. But I do not think the decision in this case should be determined by the benefit or detriment to any special interest.

I do not advocate this amendment because it may be helpful to those who may be in the business of making oleomargarine, nor do I advocate it because it may possibly affect the creamery industry of this country. As I stated some days ago, I opposed the present law when it was enacted because I believed it was an effort to use the taxing power of this country to build up one industry at the expense of another, but primarily because it was an effort to put up the price of a food product in this country. For decades past we have had cheap food in America. That day seems to have passed. We find, with all the great agricultural development of this country at our command, that in some of the great cities of America food products are selling for a higher price to-day than they are selling for in the cities of Germany, where they are excluded from the markets of the world and do not have the agricultural resources to supply their own people with sufficient food products. Under these circumstances there is unquestionably something wrong. Something is lacking in our system of distribution; some injury is being done to the masses of the American people by reason of our laws or lack of laws.

We have laws on the statute books that prohibit unlawful combinations in restraint of trade, and we have applied them to many articles that are not necessities of life. I do not know of any commodity to which the antitrust laws of this country ought to be applied more strictly than to the food products. If we are to allow combinations in restraint of trade for the purpose of pyramiding the food prices of America, we might as well recognize that the law does not reign in our land.

Centuries ago in England laws were enacted to prevent men from making a corner on food products that came into the towns and villages of old England. To-day in this country the prices of food products are pyramiding upward and it is without any justification from the law of supply and demand, because we find in foreign countries, where there is a less supply and a greater demand, that food products are cheaper than they are in many portions of our own country.

Here is an industry—the creamery industry—of this country, where the leading unit in the industry, the Elgin dairy interests, have been convicted of having violated the antitrust provisions of the Sherman law, a decree found against them, and yet, notwithstanding the courts have found that they are a trust, through some subterfuge they are continuing to do busi-

ness and to fix the price of butter for all the people of the United States.

On the other hand, we find that the law of the United States is taxing a competitor of this trust. It is taxing it for what purpose? Not for the purpose of raising revenue, because if that were the case there would be no question about the adoption of this amendment. This amendment will undoubtedly produce more revenue with less burdensome taxation than the law as it stands on the statute books to-day. No; the purpose of the present law is to raise the price of the product of a competitor of the butter interest of this country and to restrict its sale. That is all the law is intended for. An industry of this country is producing a food product; they have competition from another food product, and the law on the statute books was intended to kill that competition.

In the early days of this controversy it was contended that oleomargarine was not a clean, pure-food product. To-day there is no question about it. It is inspected by the Government; it does not carry disease germs; it must be pure; it must be wholesome, or the Government of the United States would *not allow* it to go into the homes of this country. On the other hand, we find from the reports of the Government officials, from the leading authorities in this country, that a great deal of butter that is produced in this country is unclean and unwholesome. I do not mean that to apply to the entire industry, for I know and you know that there is a great deal of clean, pure butter being sold in America to-day.

Mr. PAGE. Mr. President, I think, if I may be allowed, that I suggested to the Senator from Alabama the other day that the report from which he read from some department was a good many years old. He said he would look it up and see. Has he found that any report adverse to butter has been made by any department of the Government during the last five years?

Mr. UNDERWOOD. In my speech of the 20th instant I called the attention of the Senate to the statements of those in charge of the Government bureaus in touch with the conditions in the dairy industry, made before the Committee on Rules of the House of Representatives during their investigation of the sanitary condition of dairies, on April 11, 1916, and to the statements of these same officials made before the Committee on Agriculture on December 6 and 7, 1916, and to a statement issued by the Department of Agriculture released for publication by the papers February 12, 1917, bringing the matter up to date, and while not so amplified as the report of 1912, yet they sustain the same proposition.

I am not contending, and would not have anyone think for a minute that I am contending, that all the dairy interests and butter interests in this country are being carried on in an unhealthful and unclean manner. I merely presented the reports of Government officials to show that a very considerable percentage of the product of that industry had this objectionable feature.

That may not be an argument directly for the adoption of this amendment to the pending bill, but it is a very strong argument that, if we are going to have meat inspection, hog inspection, oleomargarine inspection, and drug inspection by the Government under our pure-food laws to protect the health and the lives of the people of the United States, the day and the hour have come when we should have a butter and creamery inspection in this country, and I can not understand why there should be any objection to an honest inspection to protect the health of the community on the part of those engaged in the legitimate business of making an honest dairy food product.

Mr. PAGE. Mr. President, I ask the Senator in all candor if it is not true that in making oleomargarine the milk of the cow is used? If so, and if there is any such thing as tuberculosis in milk, it must impregnate the oleomargarine as it does the butter. If there is any claim that pure butter from the clean creameries of our country is used in making oleomargarine, I have good reason to question it.

Mr. UNDERWOOD. The Senator would be eminently right if there was no inspection, but the difference is—and that is just the point I am trying to call to his attention—that where cream or milk is used in manufacturing oleomargarine it is inspected; it has to go through Government inspection, like the other products that go into that commodity. It must be known to be pure and clean before it can be used, but that is not so in the case of the creameries.

The Senator will see, by reference to "Service and regulatory announcement of the Bureau of Animal Industry 111," that "milk and cream used in the preparation of oleomargarine should be pasteurized, and the butter used for this purpose should be made only from pasteurized products"; and by reference to announcement 114 that "the proprietors and operators shall also give to the bureau advance information of the sources of supplies of butter intended for use in preparing oleomargarine, so that the matter of pasteurization can be investigated in case of doubt."

There is no such safety in the case of butter.

Mr. PAGE. Mr. President, I think I must demur to that statement. It is true that we have a State inspection, the most critical kind of State inspection, in all important dairy States in this country, as I understand.

Mr. UNDERWOOD. Well, I am not talking about State inspection; I am talking about Federal Government inspection. I have no doubt that in some States in the Union there is an inspection. The Senator from Vermont thought I was attempting to reflect upon his State the other day, which I disclaimed then, as I disclaim now. I do not know anything about the conditions there, and I accept his statement in reference to them as eminently correct.

Mr. PAGE. But Mr. President, when the statement is made that 61 per cent of the butter of this country is impure and vile, and the Senator from Alabama stands up here and gives credence to that statement by quoting it generally as his opinion, it must be that he stands sponsor for it; and in that he is doing great wrong to a pure industry of this country.

Mr. POMERENE. Mr. President——

Mr. UNDERWOOD. I will yield to the Senator in a moment, as soon as I answer the Senator from Vermont. I will say to the Senator from Vermont that in 1912 Secretary Wilson was at the head of the Department of Agriculture of this country. He held his commission from the Republican Party and not from my party. He was the premier of all the Secretaries of Agriculture this country has ever had. He stood first and foremost on the list. If there has ever been a man in the office of Secretary of Agriculture who was known throughout this country as the friend of the farmer and the advocate of the great agricultural interests of this country, it was Secretary Wilson. It is not my report, it is not my statement, but what I put in the RECORD was what came from the report of Secretary Wilson, the head of the Department of Agriculture during the Taft administration; and I think on that strong authority, not knowing the facts myself, I am entitled to stand. Now I yield to the Senator from Ohio.

Mr. PAGE. And in relying upon that authority the Senator is willing to stand up here in the Senate of the United States and charge impurity and vileness to the product of one of the largest industries of this country, a product which is not entitled to that kind of a brand.

Mr. UNDERWOOD. Well, I will say to the Senator that is his opinion, and I have no doubt he is honest in his opinion, because he is looking at it from his own local surroundings. I am charging it because the Government of the United States has said so.

Mr. PAGE. Many years ago.

Mr. UNDERWOOD. No; to-day. I have just shown that reports from Government officials having charge of such matters, made as late as 10 days ago, show that the conditions complained of in 1912 are practically unimproved to-day. I do not say that 61 per cent of the butter inspected was bad; no; but the Secretary of Agriculture said so; and the people of this country are entitled to know that this condition exists.

Mr. POMERENE. Mr. President——

Mr. UNDERWOOD. I yield to the Senator.

Mr. POMERENE. As shedding some light on the controversy in question, I desire to state that, so far as the State of Ohio is concerned, we have a food and dairy commissioner, who is very careful about the inspection of all the dairies. In addition to that, in every considerable town the board of health have milk inspectors, who are constantly on guard to prevent any possible impurities in the product of any of the dairies.

Mr. UNDERWOOD. I have no doubt that there are good inspection laws; and, of course, so far as each local community is concerned, each thinks its own inspection is correct and good. But in this connection I wish to call attention to the testimony of Dr. A. D. Melvin, Chief of the Bureau of Animal Industry, Department of Agriculture, in hearings before the Committee on Rules of House resolution 137, as late as April 11, 1916. On page 14, he stated that from his observation he did not think the local inspection laws were sufficient to protect the consumers against the danger of diseased and filthy creamery products. He stated that there are State inspection laws, but he did not know of a single State that has a comprehensive State inspection system. This evidence was given by him in connection with his evidence referred to by me in a former address to the Senate on this subject, page 13, where he testified, in answer to questions from Mr. POU, that he thought a large percentage of the

dairy products that are consumed by the American people are unfit for food. On page 20 he stated:

They are making attempts at pasteurization, but a great deal of this is imperfectly done, and even the pasteurization should be supervised. I do not think there is complete and systematic inspection of all dairies and creameries in any State.

I think I mentioned also the statements of Dr. B. H. Rawl, Chief of the Dairy Division, at this same hearing, April 11, 1916. He was asked, on page 33, "whether he knew anything about the filthy condition in which cream is delivered to the creameries." To which he replied:

There is cream of all sorts and kinds going to the creameries. It is from the best to the worst, and it seems to me that the consideration of dirty cream might resolve itself into two divisions that are rather distinct; at first the danger to public health that may arise from dirty cream, and second, deterioration, which would reduce the selling price of butter made from it (p. 35). We have made examination of a number of pasteurizing plants where the milk carried as many bacteria after the pasteurization as before. The pasteurization was inefficient; * * * so we feel that when pasteurization is required it must be inspected in order to make sure that it is efficient.

At these same hearings Prof. G. L. McKay, secretary of the American Association of Creamery Butter Manufacturers, Chicago, Ill., introduced a letter from Dr. H. A. Harding, of the University of Illinois, College of Agriculture and Agricultural Experiment Station, dated April 6, 1916, in which Prof. McKay was advised by this eminent scientist (p. 44):

Careful studies have shown that raw cream very commonly carries the germs of bovine tuberculosis and occassionally may carry the germs of typhoid fever, scarlet fever, diphtheria, septic sore throat, and less frequently the germs of a number of other minor diseases.

Prof. McKay also introduced a letter from Dr. H. L. Russell, of the University of Wisconsin, College of Agricultural Experiment Station, dated April 6, 1916 (p. 45), in which this distinguished scientist, in one of the leading dairy States of the Union, advised the secretary of the American Association of Creamery Butter Manufacturers that—

If the milk contained tubercle bacilli, it is quite certain that they would be found in the butter, and that they would not be destroyed by the ordinary process of butter making.

Prof. T. L. Haecker, head of the dairy department of the University of Minnesota, is quoted as saying:

The butter produced in St. Paul and Minneapolis is not fit to eat. It comes from the centralizers of those cities, and these centralizers are a menace to the dairy industry. I have never been able to tolerate a condition where a few men outstretch their hands and say, "We will give you such and such a price for your milk and cream. You can either take our offer or let the stuff rot on your hands." Men and women who will pasteurize skimmed milk for their hogs and neglect to pasteurize milk, butter, and ice cream for their children deserve to be classified with the hogs. If they understood what we, who are said to occupy the higher places, understand concerning the dangers of raw dairy products, Congress would pass laws overnight forbidding the manufacture of butter, except pasteurized butter, for interstate commerce, and all the milk of the country would have to be pasteurized before its consumption. Take one centralizer, for instance, in St. Paul. I happen to know that at this place cream of all ages is used. Sometimes it is one day old, sometimes five days, and sometimes older. It often takes a long trip, generally in cans not free from germs. Then it is all dumped into one big lot and the butter made from that.

Prof. J. H. Frandsen, of the University of Nebraska, another great dairy State, speaking to the National Association of Creamery Butter Manufacturers at Minneapolis in November, as reported in Chicago Dairy Produce, says (p. 10):

Creamery men all over the country have suffered serious losses due to their inability to make a good quality of butter from a large percentage of the cream received by them daily. * * * The prevailing practice in buying butter fat is to pay a uniform price, regardless of quality. * * * The inevitable result has been a lower quality. * * * When cream is purchased, as is the case to-day in too many of our creameries, a rank injustice is done the producer of the clean and most wholesome cream.

An article from the Northwest Dairyman is published in Chicago Dairy Produce, November 7, 1916 (p. 18), in which it is said:

Cream is delivered varying all the way from that which would grade No. 1 sweet down to "stuff" so poor that it ought to be rejected entirely and given no grading. * * * This class of cream of all gradings is weighed up, sampled, and tested and then emptied, good, bad, and indifferent, into the same vats and churned in the same churning, with the result that the one who has delivered throughout the month nothing but sour, lumpy cream, which should not have been received at all, received at the end of the month the same price per pound for butter fat as the man who has delivered always No. 1 sweet cream.

From the foregoing authorities it will be seen that not only the creamery conditions have not materially improved but that the practice of the big centralizing creameries, whereby they buy all kinds of cream, paying the same price for all grades, necessarily reduces the price of all; and if you will read the dairy papers of the country you will find that these big centralizers are rapidly destroying the cooperative creamery industry and furnishing to the country a large quantity of food unfit for use, as is pointed out by the Department of Agriculture.

The State of Michigan has adopted what is known as a State butter brand law, and seems to have appointed a commission for carrying this law into effect, of which commission Mr. H. D. Wendt appears to be the secretary. In order to show that I have spoken in the utmost good faith, I quote from this secretary of the State Butter Brand Commission of the great dairy State of Michigan. In a letter to Chicago Dairy Produce, August 3, 1916, which was published without any criticism from that great dairy journal, he says:

We can not refrain from commenting on an article appearing in the Chicago Dairy Produce, under date of July 25, written by Dr. G. L. McKay, secretary for the American Association of Creamery Butter Manufacturers, in which public expression is given to the association's decision to establish a permanent chemical and bacteriological laboratory in which to test the butter manufactured by its members. "Where a certain number of samples are tested weekly for a creamery and the butter shows up all right and the creamery meets the required sanitary standard fixed by the association, they can use a label on their butter stating that it has been tested chemically and bacteriologically, guaranteeing the purity of same." * * * "We herewith beg the privilege of offering the following suggestion relative to the composition of the proposed guaranty of purity label: All of the cream from which this butter was made, due to much of it being received in an insanitary and highly fermented condition, has been renovated and neutralized by the addition of lime, soda ash, Wyandotte washing powder, boracic acid, peroxide, saltpeter, and other harmless (?) cleansers and preservatives. * * *"

I regret, Mr. President, to be obliged to advise the Senate and the American people of the character of table fat which is being furnished them by those who oppose such an amendment of the oleomargarine law as will promote a freer and more honest distribution of this well-inspected, cheap, wholesome, clean, disease-free table fat.

Notwithstanding the terrible indictment brought against them in 1912 and the overwhelming evidence of the truth of this indictment brought forth in the House of Representatives as late as April 11, 1916, and repeated in another hearing in December, 1916, and again repeated in Farmer's Bulletin 781 in February, 1917, all they ask is that oleomargarine shall not lawfully be made in such manner as to please the eye and taste of consumers. The avowed purpose of their opposition is to keep this food product out of the market in order that they may obtain higher prices for their frequently impure product.

Then, too, Mr. President, since it has been clearly demonstrated by the highest authority that the fraudulent substitution of oleomargarine for butter is done by butter dealers, who buy the white product of certain manufacturers, illicitly color it, and sell it for butter, one can hardly escape the conviction that the Dairy Trust desires to retain the present fraud-inviting oleomargarine law in order to deprive the general public of any opportunity of procuring legitimate oleomargarine, colored to please the eye and taste, and so give the butter trade the opportunity of increasing these frauds greatly to their profit.

Mr. LANE. Mr. President, if the Senator will allow me to interrupt him, it seems to me he has sort of proven his case out of court.

Mr. UNDERWOOD. I am sorry, if I have.

Mr. LANE. In this way, if the Senator will allow the suggestion: If 65 per cent of this butter is impure——

Mr. UNDERWOOD. The Secretary of Agriculture said 61 per cent, to be accurate.

Mr. LANE. Well, 61 per cent or 51 per cent. That may be true, for I have seen a lot of butter that convinced me that there is some ground for the statement; but, at any rate, assuming it to be true, the quality of oleomargarine which many insist I eat unconsciously, and which gets by me without my detection, is composed of 25 per cent butter. Twenty-five per cent of it is composed of this villainous compound known as butter——

Mr. UNDERWOOD. No——

Mr. LANE. The stuff which has not been inspected, and then the oleomargarine is churned in milk. Butter does not carry tubercular germs to the extent that milk does; but the oleomargarine is churned then in a compound of dirt and tubercular bacilli; and then they take butter, revamped butter, if you please, to the amount of 25 per cent, to help the tallow and lard along, and call it oleomargarine.

Mr. UNDERWOOD. I delight to associate with my friend from Oregon, because one of the charming attributes of his nature is his imagination. He ought to have been a poet and not a United States Senator. His statement that butter does not carry tuberculer germs to the extent that cream does is exactly in contradiction of the facts. Let me call his attention to the statement of Prof. H. A. Harding, of the University of Illinois, speaking at the Minneapolis convention of butter makers, as reported in the Chicago Dairy Produce of November 28, 1916, which says (p. 28):

The germ life in the butter is simply the result of the germ life in the cream. * * * It has been demonstrated beyond any room for doubt that the action of the centrifugal separator tends to concentrate the germs of bovine tuberculosis in the cream so that they pass over

into the butter. Careful studies have shown that they will remain alive in butter for three months or more under storage conditions. Butter made from raw cream is open to a very serious indictment from the standpoint of public health.

I have already stated this morning, and will state again, that oleomargarine and all the products that go into it are inspected before they are used. There is clean butter, clean milk, and clean dairy products in the United States, and the Government inspector sees that the butter and the milk that are used in the manufacture of oleomargarine are clean; but there is no Government inspection of the creameries of this country.

I have not the time to go into it now, but I can show the Senators reports from your creamery and dairy journals of the country complaining about the manufacture of worked-over butter and of the dairy interests. I had a statement in my hand the other day—I do not have it here—that I did not put in the RECORD, but I can show it to anybody, made by the gentleman who represents the creamery interests here in Washington to-day, the man who has been interested more than anybody else in making a fight against this bill, in which he himself points out the impurities in some of the butter establishments in this country and the lack of care in the way butter is manufactured in the creameries of this country.

Now, more than that, I know this: In my own State we have a dairy inspection. Our people contended for a long time that it was a good dairy inspection. It may be very much improved now in my community. Yet I know, Mr. President, that a year ago we had a bad epidemic of typhoid fever in the city in which I reside, and one of the experts of the Bureau of Public Health went there to examine conditions. He traced every bit of it back to the dairy interests of that community. I know of one case where the cream and milk from those dairies was made into ice cream and shipped 100 miles from the city in which I reside, and in that little community in which the ice cream was sold eight cases of typhoid fever broke out. Now, I know that is a fact, and I can sustain it. What is the use in telling me that this is an absolutely clean, pure-food product on all occasions, when I know myself it is not and when the Government reports say it is not?

Mr. NELSON. Mr. President, will the Senator yield to me?

Mr. UNDERWOOD. I yield.

Mr. NELSON. I want to say to the Senator, in reference to this matter of ice cream, that the trouble does not come from the cream that they use but from the fact that they use so many other substitutes, cornstarch and everything else, that they inject into the ice cream. Further, I want to say in reference to the creameries—though I do not want to trespass too much upon the indulgence of the Senator—that the State of Minnesota stands at the head of the butter-manufacturing States of this Union in the quality of its butter. I do not know of a single instance where the Internal-Revenue Department has found fault with any creameries in Minnesota except on one point in a few isolated cases. They have adopted what they call a moisture test, 16 per cent, and in a very few instances they have discovered that that moisture test was exceeded. Outside of that there has been no criticism of the creameries in Minnesota, or, so far as I know, in the Northwest, as to impurities, or as to their methods of manufacture.

I want to call attention further to the injustice that has been perpetrated by the Internal-Revenue Department in some cases. Where, by accident, out of a shipment of, say, 30 or 40 kegs of butter, they have found a half dozen that have exceeded the moisture test, they have immediately charged the manufacturers with being manufacturers of adulterated butter and not only have compelled them to pay the 10 cents extra tax but have held that they were manufacturers of adulterated butter, engaged in that business, when, as a matter of fact, they were not. Over that matter and nothing else has there been any controversy between the creameries in our State and the Internal-Revenue Department; and I have been surprised at the hostile spirit that has been manifested in the Internal-Revenue Department in reference to that.

Now, the Senator can call time on me whenever he sees fit.

Mr. UNDERWOOD. Oh, I am glad to have the Senator from Minnesota interrupt me. I am only asking for light on this subject. All I want is the truth; and if the Senator can throw any real light on the subject, I am glad to have him do so.

Mr. NELSON. When the butter is being churned, and the cream coagulates and forms into butter and buttermilk, the great problem is to separate the buttermilk from the butter. If any part of that buttermilk remains in the butter it is apt to become rancid and sour in the course of time. Now, to separate the buttermilk from it, they wash the butter in cold water. They put cold water into it to get the buttermilk out of it. That can not be called an adulteration. They do not put the water into it for the purpose of adulterating it, but simply for the purpose of squeezing, as you might say, the buttermilk out of the butter, and making it so that it will keep successfully.

The charge that I understood the Senator to intimate a moment ago, that our creameries were guilty of insanitary methods in the manufacture of butter, I utterly deny.

Mr. UNDERWOOD. Mr. President, I am delighted to hear what the Senator from Minnesota has said, and I am charmed to hear the good reports that he gives from the State of Minnesota, where I lived for many years myself, and am always glad to hear good things about it. Of course, I have no knowledge whatever of conditions in Minnesota.

Now, I am not so much concerned about the dairy people putting a surplus amount of water in their butter. Of course it is wrong if they do it intentionally; it is to commit a fraud on the consumer, because they try to sell him that much water instead of that much butter. But, then, that is not serious. That does not kill him. That just affects his pocketbook, because he finds himself buying water instead of buying butter. But I am not making this charge myself. As I say, the people who are in the business have themselves called attention in your dairy journals to the conditions in many of the creameries of this country; and it was the report of the greatest Secretary of Agriculture you have ever had that said that 61 per cent of this product inspected was impure.

Being pressed on this point, I will call attention to a few more authoritative statements that are relevant. In the February, 1917, Farmers' Bulletin 781, United States Department of Agriculture (p. 6), it is said:

> Centrifugal separators have come into general use. In the process of separating the cream from the milk the rapid revolutions of the shaft and disks of the machine deposit at the base of the shaft dirt, hair, manure, and other impurities, and, mingled with this mass, great numbers of bacteria, including at times the germs of tuberculosis.

A butter maker, writing in the Chicago Dairy Produce, with no word of protest, November 28, 1916, says:

> Every creamery operator knows the methods of treating old, dirty cream. * * * Every creamery operator knows, too, that neutralized and treated cream does not make butter fit for food; but we all know at the same time that most butter made in the West and Middle West is of this character, and is sold as a "pure product"; and in order to get by with it many firms mark it "pasteurized."

And in 1915 one of the leading dairy magazines of the country declared:

> Ninety per cent of the hand separators in daily use throughout the country receive improper care, and on many farms the cream is allowed to accumulate from 3 to 10 days, exposed to all sorts of contamination, without proper methods of cooling, before it is hauled to the creamery. The result is inevitable—a poor grade of butter, for which is received a correspondingly poor price. Last year 63 per cent of the butter made in Minnesota was classed as seconds and thirds, and butter of these grades is not considered of high enough quality to satisfy the taste of the average consumer.

This is the butter the poor must eat, and to protect which the production of a pleasing, palatable, wholesome "U. S. inspected and passed" substitute must be prohibited at the behest of the Butter Trust.

With these conditions recognized and admitted, the Butter Trust has proposed no remedial national legislation. On the contrary, so secure have they felt in their immunity from regulation and their unfair advantage in trade that they have expended all their effort in maintaining the destructive laws which practically excludes a healthy, clean, cheap, competing product. Not only have they advocated no Federal inspection for creameries or made other provision for the protection of consumers, but they have proposed a law, both in the House of Representatives and the Senate, which would complete their monopoly by the utter destruction of an industry which offers the only officially inspected table fat our people can buy. They therefore propose the anomaly of this Government by law penalizing a product made and packed under the supervision of its own officers.

On February 22, 1916, the Chicago Dairy Produce, a magazine which has persistently opposed all efforts at relief to the oleomargarine industry and the enlargement of this food supply, says:

> The poor-cream question has received the usual amount of attention at the various conventions during the past winter, but we have failed to hear any plan suggested or adopted or any kind of action taken that gives promise of any change for the better for this year. All alike seem to recognize the seriousness of the situation and the necessity for doing something, but that is as far as it ever gets. We go on and on in the same old way. As it is impossible for anything to stand still, and as we must progress or go backward, it seems we are following the latter course, for our butter product is gradually growing poorer and poorer each year. To those who are in a position to note this gradual change for the worse, and who see nothing of a decisive nature being done to remedy the condition, the situation is indeed alarming. They are asking themselves where will this all end. That there must be an end all will agree. Conditions can not go on and on as they are now. There must be a change of some kind toward progress, and

whatever it is that will cause this change must be something of a serious nature, because no small thing will bring it about.

The Senator says that, so far as ice cream was concerned, disease was not distributed by reason of the milk or cream in the ice cream, but by reason of the other products. Now, they may put starch in it. Did anybody ever hear of starch carrying a typhoid-fever germ? They may put sugar in it. Did anybody ever hear of sugar carrying a typhoid-fever germ? They may put vanilla or some other flavor in it. Did anybody ever hear of vanilla carrying a typhoid-fever germ? No. In this case that I speak of—and it was no longer than a year ago; it is not a matter of ancient history—the Government of the United States traced it right back to the dairy, and found that there had been typhoid fever among the men who attended that dairy.

Mr. PAGE. Mr. President, this was in the State of Alabama?

Mr. UNDERWOOD. Yes; it was. And the same thing has occurred in many other States, as you will see if you look at the reports. I am trying to let the people of the United States know the truth about this situation. I am not trying to say that I am an angel, with white wings, and that nothing happens in my State, but that it only happens in other people's States. I am calling attention to the facts.

Mr. DILLINGHAM rose.

Mr. UNDERWOOD. Does the Senator from Vermont desire to interrupt me?

Mr. DILLINGHAM. I should like to inquire of the Senator as to the purpose of the argument he is now making, in which he says he wants to have the people informed of what he claims to be the facts regarding dairy products and the uncleanly methods employed in making them. I should like to ask him whether he is arguing that the use and sale of those products should be discontinued in favor of the oleomargarine product, and if the purpose of this amendment and of the argument which the Senator is making is to induce the people to decrease the amount of their purchases of butter as butter and to increase the sale of the competing product?

Mr. UNDERWOOD. I will answer the Senator as to my purpose. I eat butter, and I want to be assured that I am going to get a wholesome product. I buy butter, and when it comes into my household I want to know that my family are going to be protected against a diseased product. The purpose of my statement is twofold. One is that I should like the people of the United States to realize that in certain cases—not in every case by any means, but in certain cases, as is shown by the reports of the officials of the Government of the United States—in butter and cream and milk, an impure product is going into their homes, with the hope that it may ultimately arouse a public sentiment that will demand that this dairy interest be inspected as other food products in this country are inspected under your pure-food laws. As a matter of fact, the pure-food laws of this country inspect and pass on almost every agricultural commodity that goes into your home and that goes on your table except the dairy products, and they were exempted.

Now, I can not see any reason in the world why the man who is in the honest, legitimate dairy business, such as I have no doubt the constituency of my friend from Vermont is, should object to inspection. I have no doubt, from the statements made by the Senators from Vermont, that they have good laws to protect them, and they have good creamery interests, because I take at par the statements they have made about them. But if that is so, if that is true in reference to your State—and I take it that it is true—why should you object to an inspection under the pure-food laws of the country?

Mr. DILLINGHAM. Mr. President, there is no measure pending here for such an inspection as that. The Senator's amendment does not call for such an inspection.

Mr. UNDERWOOD. No; but this is a very good time to call to the attention of the country the fact that there is no law on the subject on the statute books.

Mr. DILLINGHAM. May I ask the Senator another question?

Mr. UNDERWOOD. I have not finished answering the entire statement, but I will yield, of course.

Mr. DILLINGHAM. Now, if this all be true—if, as the Senator contends, the dairy product of America is to a large extent infected in some form or other—why is it that the manufacturers of the competing product are so anxious to make it an imitation of butter and have it sold as such? And why is it that they are anxious to have the tax of 10 cents a pound taken off from it when it is made in imitation of butter and colored?

Mr. UNDERWOOD. Well, I must say, I do not know any of the manufacturers. I may have met a manufacturer of oleomargarine at some time. I think 12 or 15 years ago, when I was on a committee of the House to investigate this question, I went into some of their plants; but since that time, to my knowledge, I do not know of ever having met a manufacturer of oleomargarine or anybody directly connected with it, so I can not tell what moves them. I am not moved in this question by their interest. I have no constituency that makes oleomargarine that I know of. I may have them, but I do not know of them. I am interested in the matter from an entirely different angle; but I controvert the question asked by my good friend from Vermont. I do not agree with him. He asks me why these manufacturers of oleomargarine want to make oleomargarine look like butter. They do not. Butter is white most of the year. If they wanted to make it look like butter, they would leave it white most of the year.

Mr. DILLINGHAM. But, if the Senator will allow me, the agents, the representatives of the Chicago packers, testified that unless it was made to look like butter they could not sell it.

Mr. UNDERWOOD. Yes; unless it was made yellow they could not sell it. Now, that is the real fact. If it looked like butter, it would look white most of the time. No; they want to make it yellow because people are in the habit of eating a yellow table fat. Now, that is the reason.

Mr. DILLINGHAM. Well, they want to have it look like what is called butter, do they not?

Mr. UNDERWOOD. No; they want to make it yellow—not like butter. The butterman does not want to make his product look like butter. No; he wants to disguise it by coloring it yellow. This is what he is after, and that is true. Now, that is the whole contention here. That is really the very point. It has been contended here by some that the purpose of preventing oleomargarine from being colored yellow was to protect the consumer and let him know what he was eating, but that is not the fact. There is only one method that will in any way reach and protect the consumer, and that may not be perfect, but it is nearer perfect than anything that is on the statute books, and that is embodied in the restrictions that are contained in this amendment now pending before the Senate.

The purpose of this color line is not primarily to protect against fraud. It is that the people of this country and of the world have been trained for generations past to have yellow butter on their tables and to have yellow oleomargarine on their tables. They want to eat it that way. There are a few people who are not particular about this, but the majority are. The law to prevent oleomargarine from being colored has but one purpose, and that is to prevent people from buying it so that they will have to buy butter in its place, and the demand for butter for that reason will increase its price.

If the butter interests of this country were suffering, if they were getting an unreasonably low price, with some they might have a standing, but everybody knows that the butter interests of this country are prosperous, and were prospering when they got 35 cents a pound. Everybody knows that to-day in Washington butter is selling for 50 cents a pound, and I am told that some butter is sold as high as 80 cents a pound. That takes it entirely out of the class where the poor man could buy, where he has the opportunity to buy it. What objection is there if he wants to eat colored oleomargarine? Let him eat it. It does not hurt him; it does not injure him. If this amendment becomes a law, every pound of it that is sold to him must be put in a separate package marked "margarine," with the Government stamp on it, and the dealer who breaks it or has it in his possession after breaking will be guilty of a crime against the Government.

Now, let us see what other nations are doing. This is not the only country where oleomargarine is made. In England where oleomargarine is made and allowed to be sold as a food product in competition with butter the law permits artificial coloration of margarine, but requires retailers to use a wrapper marked "margarine" for retail sale. That is just exactly what this amendment proposes. Here is one great country of the world with creamery interests as large as they are in this country, yet they allow it to be colored so that a man who wants it colored can have it on his table. They require the package to carry the mark of what is in it. Holland permits the artificial coloration of oleomargarine, but requires that the wrapper shall contain the name "margarine," so that the consumer may know what he buys.

Mr. POINDEXTER. Mr. President——

The PRESIDING OFFICER (Mr. HITCHCOCK in the chair). Does the Senator from Alabama yield to the Senator from Washington?

Mr. UNDERWOOD. I do.

Mr. POINDEXTER. Does the Senator from Alabama approve that law of England which he has just read?

Mr. UNDERWOOD. The amendment of the committee proposes it.

Mr. POINDEXTER. It proposes to require that all oleomargarine shall be marked as oleomargarine.

Mr. UNDERWOOD. Yes. That is the amendment which is now pending before the Senate.

Mr. POINDEXTER. Whether colored or not?

Mr. UNDERWOOD. Yes; whether colored or not, that it shall be put in a package marked "margarine" instead of "oleomargarine." We change the name so that it can be used in the foreign trade. It is marked "margarine" and the package sealed with a Government stamp, and it is made unlawful to sell it after that stamp is broken. That is the pending amendment.

Mr. POINDEXTER. It could not be used except after the stamp is broken.

Mr. UNDERWOOD. It can be used, but it can not be sold. This insures that the purchaser know what he is buying.

Mr. POINDEXTER. When a man goes into a restaurant or hotel and buys a meal, and, along with it, what is supposed to be butter—it might be oleomargarine—and so the fraud would be committed notwithstanding the mark on the package.

Mr. UNDERWOOD. Of course there is that chance. Or a friend might invite you to dinner and he will have oleomargarine on the table instead of butter and you will have to eat it. But, of course, that fraud is committed to-day. There is nothing to prevent the man who has bought a tub of white oleomargarine from carrying it into the rear of his kitchen, putting 10 cents worth of vegetable-coloring matter in it, paddling it around a few minutes, and serving it as butter. There is nothing to prevent that to-day.

The law of Belgium permits the artificial coloring of oleomargarine, but requires that it shall be properly marked showing what is in the container.

France prohibits the coloration of oleomargarine, but does not permit its sale in stores selling butter. It requires retail dealers to display their signs and properly mark their packages.

Germany permits artificial coloration of oleomargarine, but requires it to be sold in packages showing what it is.

Norway and Sweden permit the artificial coloration of oleomargarine, but require it to be sold as margarine.

Denmark permits the artificial coloration of margarine, but requires it to be sold as margarine. There are more dairy products produced in Denmark in proportion to the population than anywhere else in the world, and at the same time there is a greater consumption of oleomargarine there than anywhere else in the world. What do we find? In these great dairy countries of Europe we find that every one of them permits oleomargarine to be colored, except France. That is the one exception. Every one of them permits it to be colored and sold colored except France, but they do require what this amendment requires, that it shall be sold as oleomargarine and not as butter.

My reference to the uncleanliness of some butter is not a reflection on that industry but is merely to answer the arguments that have been made that oleomargarine is not a proper food product. One of my good friends in the Senate the other day, in an eloquent and learned address upon this subject, stated that a man ought not to put anything in his stomach that would not spoil; that if it did not spoil it would not be digestible. I think he overlooked the fact entirely that good clean water does not spoil.

Mr. LANE. I should like to correct my friend there.

Mr. UNDERWOOD. I am delighted to be corrected.

Mr. LANE. I do not think I said anything in a general way about digestibility of different food not eaten in a fresh state, anything which would not spoil. There are many things, such as dried foods, which will not spoil which are digestible. In a way, however, it must be capable of being spoiled before it can be digested.

Mr. UNDERWOOD. I listened to the Senator's remarks.

Mr. LANE. I want the record to show that what I said was that any article of food, such as butter or flesh, if it lay out in the sun for a week or in a filthy cabin for two weeks or a month and will not spoil has some material in it of such a character that it is not digestible and therefore not fit for food, and that is true.

Mr. UNDERWOOD. I understood my friend that way, but I think his argument was made in his enthusiasm for butter, and not with reference to the digestive organs of the human system.

Mr. LANE. Right there just a moment.

Mr. UNDERWOOD. Certainly.

Mr. LANE. Water does not digest in the stomach or anywhere else; it dilutes. You can put a pitcher full of ice water into a man's stomach and it will not change more than two or three degrees in temperature before it goes right into the intestines and out into circulation. It does not need digestion, nor does whisky.

Mr. UNDERWOOD. Of course I have no knowledge myself about the digestive qualities of whisky, but I do know you can drink water without spoiling or giving you indigestion. But my friend's argument, I think, will not stand the analysis of logic and real consideration. My friend does not want anything to go into the human system that you can lay aside or hang up in the woodshed and that will not spoil. Half the world to-day is living on potatoes. They last longer than almost any other food product; they last for months. I suppose if my friend was going on a journey across the desert, where things were likely to spoil, he would carry his pockets full of creamery butter instead of his haversack full of potatoes that he could cook from time to time and sustain human life.

Mr. LANE. In regard to that I will say that I have crossed the desert and camped out for months at a time, and I would not care for either of them; neither would anybody except an ass. In the first place butter spoils in two hours; potatoes wither up and dry. One had better take bacon and beans.

Mr. UNDERWOOD. That is a good illustration. My friend would not have oleomargarine in his house because it will not spoil, and I suppose he would reject a delightful Smithfield ham from his larder for the same reason, and not allow it to be used in his family because it could be carried along in the pantry six or eight months without spoiling.

Mr. LANE. That ham has been preserved the same as your oleomargarine. It has been preserved by the chemical action of the creosote in its smoking. Smoke creosote is one of the nicest and most lasting of all preservatives, and in small quantities it is healthful. A little further process makes carbolic acid, and it will eat a hole in your stomach, but the tallow and stearin of which oleomargarine is made stands up unblushing in the dirtiest and filthiest hole you can find. After you wash it with a washrag and a piece of soap it looks fresh; it is preserved through processes which render it indigestible. That is what I said.

Mr. UNDERWOOD. Is my friend through?

Mr. LANE. I am in your time now.

Mr. UNDERWOOD. My good friend is a splendid theorist, but his theory will not work. The food products most of the world wants and has been for hundreds and thousands of years trying to get are those that will keep, and more than that, the greatest scientists in this country have stated that in some respects oleomargarine is a better food product than butter. They deny the very proposition that my friend asserts, because some of those learned in his profession have stated that, while butter is an excellent food product to build up the health of patients if pure and good, yet you may eat too much of it, and if you do it gives you indigestion. When you consume too much of it the stomach can not stand it. But that is not true of oleomargarine. They can feed it to patients without injury to the stomach. Therefore, in wasting diseases, especially, they try to build up patients with oleomargarine. It is safer to do it with oleomargarine than it is with butter. I am not learned in the medical profession. I only repeat to my friend some of the things I have read from authoritative sources, some of which were quoted by me a few days ago when I addressed the Senate on this bill.

Mr. LANE. The Senator is quite right; if one overloads the stomach with butter, it will make him sick. If you place a compound in it which is made of oleomargarine, and so forth, butter and the rest tallow, a composition of tallow and lard, the stomach will digest the butter and the rest will pass through the alimentary canal undigested. It is just as easy and sensible to swallow quicksilver or a dime or a nickel, as children do substances, which you can recover.

Mr. UNDERWOOD. My friend's statements in reference to this project are really remarkable in view of the world's history. I find from statistics that the production and consumption of oleomargarine in Germany for the year 1915 amounted to 550,000,000 pounds, in England to 375,000,000 pounds, in Holland to 220,000,000 pounds, in Denmark to 69,000,000 pounds, in France to 40,000,000 pounds, in Belgium to 24,000,000 pounds, in Newfoundland to 3,000,000 pounds, in Norway to 56,000,000 pounds, in Sweden to 44,000,000 pounds, in Austria-Hungary to 33,000,000 pounds, and in the United States to 140,000,000 pounds, making a total consumption by these enlightened countries of the world of 1,500,000,000 pounds of oleomargarine.

Mr. President, before we vote on this amendment I want the record to clearly show, no matter how it goes it is going to come back here. You can not tax the food of the people of this country for special interests. You can not build up trusts and monopolies in this country on the food prices of the Ameri-

can people and say it is going to down and stay down. You are not going to do it. The people of this country are entitled to an honest, clean food product. They are entitled to fair competition in the markets of the United States for the food that they buy.

You are maintaining on the statute books of this country a law in restraint of trade, a law to drive one food product of the country out of competition with another. You might just as well put a tax of 10 per cent on the apples of the country to drive them out of the market to give a wider field for the consumption of peaches or bananas as to levy a tax on oleomargarine to make a greater demand for butter and send up the price to the American people.

The reason I propose this, and oppose these taxes, as I have all other taxes levied for special interests, is that it is an effort to use the great taxing power of this Government—the greatest that was granted to it by the States of the Union; the power that carries with it the force to destroy anything that stands in its way—to use that power to destroy a food product, to tax a food product, in order that a special interest may exact higher prices from the American people. In the end it will not stand.

You may read from that desk, as I have been reading this morning, hundreds of telegrams from special dairy interests protesting against taking away from them the power that they have under an unjust law to make the price of the product of their own factories pyramid at the expense of the American people; you may think that you must answer that demand or that the American people will repudiate you; but I will say to the United States Senate that you may have organized dairy interests, while the consumers of this country are not organized, and that you may bow the suppliant knee to the organized trust, no matter at what price it may put the food products of this country; but I tell you there is an organization coming in the United States, and those who stand for special interests may as well take notice of it now, and the day of that organization is not far distant. That organization is the great consuming mass of the American people. They are no longer going to submit to having food kept from their mouths and the meat from the stomachs of their children by unjust laws that are intended to make wealth for great special interests that have been convicted under the antitrust laws of this country.

If it is the desire of the United States Senate to continue this system, to continue on the statute books taxation for special interests, they can do it; they have the power to do it; but they may as well take notice that this thing can not last forever. When the people of this country are rioting in the streets of the Empire City of America, crying for bread, and the special interests under the laws and the protection of this Government are controlling the railroad tracks and the cars that would move food to relieve their necessities, the Government of the United States stands supine, inactive, unable to come to their relief, because certain special interests hold the right of way. Go on, vote to-day to continue your special tax to special interests, refuse to relieve the congested condition of the great railroads of this country because they have got to carry munitions of war to the battle field and can not stop long enough to carry food to the crying thousands, and an organization will come in this country that will make this Capitol resound with the cry of the American people demanding justice, demanding right, demanding that the yoke of these great interests be taken from their shoulders.

Mr. LANE. Mr. President, I wish to indorse the latter part of the address which has just been made by the Senator from Alabama. I am in entire sympathy with it. I believe that the railroads of this country should be used for the purpose of carrying food to the people of this country who are crying for bread, and that the entire system for the supply of food for the people should not be tied up by the hands of anyone, nor should the markets be denuded of the food of the American people in order that it may be shipped out of the country to others who are engaged in war with one another and would be with us if it profited them to do so. Our duty lies at home. The masses of people who will raise their voices and come here, as the Senator says, to demand at our hands justice will not, however, come crying for tallow nor for lard nor for reprocessed butter, but they will be crying for bread.

If the Senator had read carefully the remarks which I made the other day, he would have found that I said that I had no prejudice either for or against these two great so-called trusts. I have an idea that one is the Oil and Beef-Packing Trust, and the other is the trust which perhaps has been formed by some organizations in the West which manufactures or handles butter. The protest I made was merely against allowing oleomargarine to masquerade as butter.

Butter is a simple combination of an easily digestible, nutritious, and very tasteful fat or oil, whereas, on the other hand, we have oleomargarine, a combination, a mixture of lard, suet, and scraps of beef scraped off the blocks in different butcher shops throughout the United States, and then put through a process which renders it of a certain consistency, after which it is churned in milk. Imagine the fraud, the sneaking, contemptible dodge that is worked off on the person who wants to spread a bit of butter on his bread. It is churned in fresh milk to give it the flavor, if you please, of butter, so that it will taste of the better food.

It was testified to here the other day by the Senator from New York [Mr. WADSWORTH] that it would keep indefinitely in the dirtiest cabin that he ever put up in or ever slept in or stayed in for a week or two, whereas butter, under such conditions, would spoil in 48 hours; that this mixture would hold and stay as fresh seemingly as it was in the beginning for an indefinite time. It is a composition, if you please, which is now being made by a mixture of milk and cream in certain grades, and in the better grades, which are sold to the higher-priced trade, it is mixed with butter itself—processed butter, I assume—and then sold to people as butter. That is what I object to. The people have a right to eat butter, if they pay for butter. No one has a right to work off on them a composition made of tallow and lard and cottonseed oil, all of which have to be processed and worked over by mechanical and chemical means in order to make it fool the eye and palate. It then has to be colored, in addition to that, so that it will look like butter. It is not a fair transaction; it is a fraud. If the Agricultural Department, or any other branch of the Government, permits it to be done, they ought to be called to time. It ought to be made known that this article is oleomargarine. If anybody wants to eat it and thinks it has food value, let him eat all he wants to; but deny the right to any firm, corporation, or trust, on the other hand, to work it off on to people for what it is not, and make it so that it fools not only the eye but the palate, and later along fools the digestive tract.

Oleomargarine has stearin in it, and must have to make the lard hard enough to hold its form. Without stearin lard would not stay out in the sun and last any longer than butter; and anyhow who wants lard spread on his bread? Anybody who ever ate lard knows that one soon cloys upon it. It is not a tasteful food, and that is the reason the people do not eat it. As I have said, lard would not stand up and remain in a butter pat or in any kind of a package if it were subjected to any degree of heat without melting away if it did not have in it stearin, that portion of the fat of the tallow and suets which give it consistency and which keep it from melting and spoiling. As I said the other day, that element makes it among the best shoe greases that has ever been discovered; but they also make it one of the least nutritious articles of food. The alimentary canal does not digest it without laboring to do so. At the bodily temperature the digestive apparatus will not digest over one-half of it; in fact, it will digest not over 50 per cent of it, and the other 40 or 50 per cent goes down through the alimentary canal undigested. Yet we hear an eloquent plea being made in behalf of such a product. Nobody will eat it from choice. A man can eat tallow if he is starving; in fact, under such circumstances he would eat almost anything; but he ought to be allowed to know what he is eating and what its food value is.

Of late, as I understand, they have been mixing more and more butter with the oleomargarine and more and more milk and more and more cream, until they fool sometimes even the elect, and the product is perhaps more digestible than it was in the past; but it nevertheless contains stearin enough to hold it in form, and to that extent it is not digestible. There is no chemist on earth who can refute that statement successfully.

I hold here a volume entitled:

"Studies in History, Economics, and Public Law," edited by the faculty of political science of Columbia University. Volume LXIX. No. 2. Whole No., 165.

"The Butter Industry in the United States," an economic study of butter and oleomargarine by Edward Wiest, Ph. D., instructor of economics, University of Vermont.

New York: The Columbia University Press; Longmans, Green & Co., agents. London: P. S. King & Son (Ltd.), 1916.

That is a very impressive title and a long one and the work ought to contain material of value. Let us see what is said about this product. The writer says that in the earlier days oleomargarine was made from cottonseed oil and neutral lard, and that in some instances they used the necks of dead horses from New Jersey, extracting the fat of horses which had been killed or died of disease. They have quit that now, I hope. In justice to them let us allow that they have reformed in that respect. In the earlier days they used all kinds of fats, not good,

clean, high-priced fats, but those fats which they could pick up around butcher shops, packing houses, and elsewhere. Later along I notice in the tables in this volume that the poorer quality of oleomargarine is made of oleo oil, which is a mixture of fats from butcher shops and from the large packing plants in Chicago, and neutral lard, cottonseed oil, milk, salt, and coloring matter. The second medium high grade of oleomargarine is made of oleo oil, neutral lard, cream, milk, and salt. In this grade nearly one-half is cream and milk. In the separation of the cream from the milk the heavier particles, constituents of the milk, po to the bottom, as their specific gravity is greater, and down with those particles go the dirt, the mucus, if you please, the cheese, and the tubercular germs. The top of it is skimmed off into the cream from which is made butter. The claim that it is a cleaner food and a more healthful one, for the reason that it has less tubercular germs in it is not founded in fact, in view of the fact that they use about one fourth of this milk in which to churn up this identical mess, not from any reason or desire on their part either to secure a healthful food nor an unhealthful food, for they care nothing about that, but in order to sell a cheaper article under a disguise of butter, a masquerading article, for about twice what it is worth, or about three times as much as it would be worth if the people knew what they were buying. Milk and cream are added for the purpose of boosting along and fixing the price of something which is not butter and which the people will not knowingly eat. It is a fraud. I do not know that taxing it will cure it. I have no care whether they tax it or not, but in the interest of simple, common justice the manufacturers of this product should be required to make the people know just exactly what they are buying and what they are selling to them.

Mr. McCUMBER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from North Dakota?

Mr. LANE. I yield to the Senator.

Mr. McCUMBER. Let me ask the Senator if it is not true that taxing the colored product has kept 90 per cent of the product uncolored? The uncolored product can not defraud anyone, and to that extent the taxing of the colored product is a complete success.

Mr. LANE. That may be. I confess that I do not know. I have not studied it; I have not followed up that trail, and I know not who they are or how successful their affairs are or whether I have had the product palmed off on me or not. I have always thought not, for the reason that I do not eat much butter; but, at any rate, it seems to me that the Government of a people which would allow its citizenry to be defrauded in that manner is not doing its duty. Its duty is to stop this fraud. I do not care whether it affects the Butter Trust, the Butcher Trust, the Packing-House Trust, or the Cottonseed-Oil Trust, which is interested in the manufacture of oleomargarine. I was told by an oil salesman the other day that the majority of the factories of cottonseed oil are owned and the product controlled by the Standard Oil Co. or its subsidiary companies. On the other hand, we go against the great packing combinations, and we all know what they do to the farmer and to the stock raiser and what they do to the consumer of meat products. It is those things upon which we must act against, or the mob, to which reference has been made, will come marching here just as soon as they get hungry enough. People are going hungry now right in this town, as well as in New York and in Philadelphia, and if we kill a few more women who come with their babies in their arms seeking food, we will have no war with Germany nor with any other country; we will have to settle down to the task here and use our own forces here to shoot our own citizens. This is one of the frauds they should be protected against.

The coloring of this product is a fraud and a crime against the people, and if such condition is not remedied there will soon be things to attend to at home and right here, not, however, for the reason which my friend the Senator from Alabama suggests. They will not be fighting for tallow or lard or bogus food; they will be fighting for pure food, good, sweet, clean food. This is one of the things that needs our attention. Begin at the root, heed the cry of the people who demand a fair value for their money and a fair value in food, and we will not have that trouble.

Mr. McCUMBER. Mr. President, will the Senator give me a little information along this line?

Mr. LANE. I yield.

Mr. McCUMBER. There has been a great deal of talk here about the danger of transmitting bovine tuberculosis to human beings. I want to ask the Senator, because I have heard that statement denied, whether or not it is possible to infect the human system with bovine tuberculosis. I know a number of physicians deny it, and say there is no such case on record. The Senator may be an expert along that line, and I should like to have his opinion.

Mr. LANE. That is very kind, Mr. President. I am not an expert on that line, however. I do not think that question is entirely settled; but I have seen so many cases of tuberculosis in children who were fed upon milk, babies who could not nurse their mothers, that I, being a physician, have become pretty thoroughly convinced that the human being does acquire tuberculosis, especially in the case of children, from drinking infected milk, or milk from tubercular cows. That, however, can be remedied. That is one of our duties—to remedy it by testing these cattle and excluding that sort of milk from human use and keeping it out of the butter; and then we will have no danger and no trouble there.

In order to give this article a smooth appearance—and it has not all been stated here—a little glycerin is added. That is to give it a glossy appearance, like real nice, good, shiny butter. Who wants to eat glycerin? Glycerin is the result of an alkaline boiled with fats, and is skimmed off the soap kettle in the making of soap. They are separated, the one from the other—the soap from the glycerin—and the glycerin is one of the residuums of it, and it is a direct irritant to any mucous membrane. I can put a drop of it in your eye, and you will hunt a doctor to get it washed out. If you do not, you will have to go and wash it out yourself. That is not a suitable thing to put in a man's stomach. Why do they use glycerin? Because glycerin is one of the resultants of the mixture which they make up in rendering the lard and the tallow, the mixture of the fatty elements and the cottonseed oil—which has itself to be processed before it can be used—with alkalies. No man on earth would use cottonseed oil unless it was clarified and purified. He could not do it. The taste of it is unpleasant and nauseating, if you please.

I will not pursue the subject further. My main contention—and I want the Senator from Alabama to listen to me, if I can get his attention—is not in regard to the tax. It is based on the fact of masquerading, the masquerading under false colors of an article which is not butter; and be butter bad as it may or good as it can, it has a right to a fair representation on its own merits. Its merits are fixed in the public mind, and I think not unwisely. The people themselves know by their own palate and the personal evidence of what tastes good to them; and usually what does taste good to them, without being processed, is good for them.

Mr. UNDERWOOD. Mr. President, if the Senator will allow me a minute. I thought I made myself clear. We may differ as to the best way to keep one product from masquerading as another. I am in thorough accord with the proposition that butter should be sold as butter and oleomargarine as oleomargarine. I have merely offered a method that I think will result in preventing oleomargarine from masquerading as butter, and one that most of the countries of Europe have adopted. Now, I think it is right. I may be wrong; but I am sure that the mere coloring or not coloring of oleomargarine does not prevent fraud, because that has been demonstrated.

Mr. LANE. Why, it does not. I will call the Senator's attention to the fact that you do not begin your fraud with the coloring. That is the ending of the fraud. The first fraud which you perpetrate upon the people is when you churn it in milk to make it taste and smell like butter. Your next fraud is when you put processed, revamped butter, with the butyric acid taken out, spoiled butter, in there as a loader to the extent of 25 per cent; and that is a crime. That is grand larceny, or petty larceny, whichever you want to call it. Then you add insult to those injuries when you go and color it so that it looks like butter; and you do more harm by churning it in milk in order to get it to taste like butter.

Mr. UNDERWOOD. If the Senator will yield, the only mistake he is making about this question is the fact.

Mr. LANE. What is that?

Mr. UNDERWOOD. The fact is that they require them to use clean butter and clean milk in rechurning. Now, you have a right to mix your food product with any food you want to if you do it in a cleanly way. There is no fraud committed there. Of course, if bad milk or bad butter could be used in the manufacture of oleomargarine, you would be right; but the department say they do not allow it to be done. Now, I have no information personally in regard to it. I am only standing on what the Government itself says.

Mr. LANE. In answer to that I would say let us concede that pure butter is put into it. What is it put in for? As a filler, as a substitute; as a filler to make it taste more like an article which it is not. It is a doctored, a doped article. It is lard, and so forth, then, we will say, mixed with butter;

and is that to be called a good and a digestible article? You can digest lard, but who wants to eat it? Who wants to eat it in place of butter? You do not. I am quite sure the Senator from Alabama would not eat it. I know I would not, and very few people would wittingly. Of course starving people might eat it. Then, you have to use this stearin always to hold it in shape, for neither the cream nor the milk nor the butter nor the lard has a consistency which will allow it to keep in a dirty cabin or on a camping trip across country in the desert any longer than lard would keep, or butter, for that matter—good or bad butter, good or bad lard.

Mr. MARTINE of New Jersey. Mr. President, I ask the indulgence of the Senate for a few moments.

Mr. President and Senators, in a few days I shall say good-by to you.

Mr. BRANDEGEE. Mr. President, I make the point of order that there is no quorum present.

The PRESIDING OFFICER. Does the Senator from New Jersey yield?

Mr. BRANDEGEE. He does not have to yield. I raise the point of order that there is no quorum present.

The PRESIDING OFFICER. The Chair does not think the Senator can be taken off the floor without his consent.

Mr. BRANDEGEE. But this is a point of order.

Mr. PENROSE. This is an important utterance, and there ought to be a quorum here.

Mr. MARTINE of New Jersey. I yield to the Senator.

The PRESIDING OFFICER. The Senator from Connecticut suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Gronna	McLean	Shields
Beckham	Harding	Martin, Va.	Simmons
Borah	Hardwick	Martine, N. J.	Smith, Ga.
Brady	Hitchcock	Myers	Smith, Md.
Brandegee	Hollis	Nelson	Smoot
Broussard	Hughes	Norris	Sterling
Bryan	Husting	O'Gorman	Sutherland
Catron	James	Owen	Swanson
Chamberlain	Johnson, S. Dak.	Page	Thomas
Chilton	Jones	Penrose	Thompson
Clapp	Kenyon	Poindexter	Tillman
Culberson	Kern	Pomerene	Underwood
Cummins	Kirby	Ransdell	Wadsworth
Curtis	Lane	Reed	Walsh
Dillingham	Lea, Tenn.	Robinson	Warren
du Pont	Lee, Md.	Saulsbury	Watson
Fall	Lippitt	Shafroth	Weeks
Fernald	Lodge	Sheppard	Williams
Fletcher	McCumber	Sherman	Works

Mr. CURTIS. I have been requested to announce the unavoidable absence of the senior Senator from New Hampshire [Mr. GALLINGER], on account of illness. This announcement may stand for the day.

The PRESIDING OFFICER. Seventy-six Senators have answered to their names. There is a quorum present.

Mr. MARTINE of New Jersey. Mr. President and Senators, in a few days I shall say good-by to you—farewell, but you will not be forgotten. Henceforth I shall come to this Chamber only as a visitor through your kindness and your courtesy. I have been defeated in my ambition to succeed myself as a Senator from the State of New Jersey, though through a process in which I firmly believe—a process that in my humble way in my State I helped to install—the election of United States Senators by the vote of the people. I believe in it, and I bow in all graciousness to the people's fiat.

I frankly say I regret to leave this association. I regret to leave you, Senators. Pleasant memories will ever come to me of your fellowship and your kindness, both in Democratic and Republican ranks.

My action here in this great body has been open and above-board. My every vote has been the result of conscientious judgment and deliberate thought. I have no excuse, apology, equivocation, or retraction for any vote I have cast in the Senate. I would cast them all over again under similar circumstances had I the opportunity. I have cast no vote with a view to selfish ends or personal benefit. As a Senator of the United States I feel that I have had an eye single and alone to the welfare of my country, my State, and the advancement of the principles of the great Democratic Party.

In some instances I have been criticized for not voting with my party. Such votes were not on party questions or party principles. In each such instance my vote and action have been prompted from high and lofty convictions and as my conscience and my judgment bade me. Since I alone would be held responsible for the results of my votes, I must rely alone upon my conscience and judgment to guide my action.

I thank God that as each year has elapsed in my life hate and prejudice have lessened their hold on me; partisan ties bind less firmly; to me my country is first, until to-day, I thank heaven, I can see a Christian in every creed under God's sun, and I can see a patriot and a statesman in every country on God's footstool.

I yield to no man in my fealty and love to the principles of the Democratic Party; and it does not lie in the mouth of any man to criticize my course toward my party, even though I have not always voted with the majority of its members here. Since I was 18 years old I have contended for my party's cause. But once since my majority have I failed to vote at the primaries in my State, and also since my majority I have never failed to vote at any election, National, State, or local.

Mr. President, I was a Democrat at a time when it tried men's souls in New Jersey to stand by it; yes, when many of my critics were worshiping all sorts of false gods and idols, on every side. I love the principles of the Democratic Party, and so long as my strength may hold out I shall press them before the people.

I sincerely regret that during my term I might not have done more to beautify this the Capital of our country. I trust in the near future we may see the various bureaus and departments housed in buildings of the Government, lining Pennsylvania Avenue. This I urge both as a matter of economy and for the beautification of the city.

Mr. President, how quickly the six years have passed since first I came to this august body! When first I entered the portals of this Chamber a most profound atmosphere seemed to prevail; a sort of stifled, oppressed feeling came over me; but as I got my bearings this discomfiture rapidly passed away. It was explained to me afterwards by one who has since passed away that this was owing to the presence of greatness in the Chamber. Involuntarily I exclaimed, "Oh, God!" The distinguished Senator from Ohio, Mr. Burton, was addressing the Senate in deep sepulchral tones, telling of the shortcomings of the Democratic Party and also enlarging on the wrongs of the river and harbor measure, and as the Senator rattled off the names of river after river in jest and scorn, and with freedom and glibness that a babe would cry, "Mamma, Mamma," I noted he never once mentioned the River Jordan. In view of his jest and ridicule of God's waterways, I have wondered, could he have had doubts and misgivings of ever crossing that sacred stream.

As I peered through the dim religious light that that day pervaded this historic Chamber thoughts came to me that the deliberations were a sort of religious function. But alas, how soon all such thoughts were dissipated after I was squarely settled in my seat!

Mr. President, before I became a Member of this body I had grown to believe that above each senatorial head was a little "halo," in the glow of which one might read, in letters of living light, the words "Infallible," "Infallible." But, Mr. President, in the light of six years' experience with you, listening to your words of wisdom, your quips and your jests, I am now profoundly impressed with the thought that you are wonderfully human after all. But seriously, Mr. President, and without question, this United States Senate is the "greatest deliberative body" in the world; at least, we think so. I do not now believe, nor have I ever believed, that all the wisdom was on our side of this Chamber; but may I be pardoned if I say that I feel most of it is on the Democratic side, for we hold a majority of the Members? You see it is largely a question of majority.

Mr. President, I have been further greatly impressed with the fact that this body is a splendid school in which to imbibe knowledge and learning, and if our constituencies might be induced to let us remain in this presence a little longer there might be hope for many of us in the realms of knowledge and wisdom.

Another thought comes to me. I know of no assembly so well calculated to destroy a man's egotism as this Chamber, though I am one who believes that a reasonable amount of egotism is necessary in the make-up of a man in order that he shall maintain his self-respect.

Mr. President, may I here say that I have led a fairly respectable and orderly life in my community and State? I felt that I had, yes, I know I have had the respect of my friends and neighbors, as a man with honesty of purposes and convictions, with courage to stand for what I believe to be right. But, lo! Mr. President, since my occupancy of this high and honorable office, the highest in the gift of the splendid State of New Jersey, I have read in cold type, from unbridled pens, that I was an "accident," a "joke," a "mountebank," a "buffoon," a "disgrace to the United States Senate." These were the actual printed words. But, Mr. President, they have never

dared say that JAMES E. MARTINE was a moral coward or a pretender. I feel that a fit answer to these villainous and cowardly attacks is the fact that in the senatorial primaries of New Jersey, burdened and unfairly handicapped as I was, I carried them by 28,000 plurality. And further, a great comfort and satisfaction to me is the splendid treatment, the courtesy and consideration, I have received at the hands of my colleagues of both parties in the United States Senate. The past six years will ever be a bright and happy memory to me. Not one unkind thought do I treasure. If ungenerous word have I spoken, forgive me, for it was not of my heart. I am happy in the thought that—

The greatest greatness there is
That the world can bring to you
Is the glory of being right
And the splendor of being true.

Senators, I have tried to be right—I know I have been true.

Mr. President, I take this opportunity to publicly express my thanks to the officers of the Senate for their kindness and courtesy extended to me. To our most efficient clerks and reporters I proffer my praise and thanks for their laborious, painstaking, and trying labors. To our bright and ever-alert *band of pages* I extend my sincere wishes for their prosperity and welfare in all their undertakings. I shall remember each of them most pleasantly and kindly.

The perpetuity of this splendid Union of States and the progress and stability of American liberties is my prayer, and to this end I urge agaipst sectional legislation and sumptuary laws.

Mr. President, again I say I regret to part, for I love the association with you. I love the thought that in my humble way, with you, I have done somthing to advance the glory of my country and the well-being of my fellow man.

Senators, I crave your friendship and your good will. To me it will be a rare and rich treasure through my life. May I not have it?

Let me live, O Mighty Master,
Such a life as men should know,
Tasting triumph and disaster,
Joy, and not too much of woe;
Let me fight and love and laugh,
And when life's strife is over
Let Friendship be my epitaph.

Mr. KENYON. Mr. President, every man in this Chamber feels a personal loss, I am sure, at the departure of the Senator from New Jersey. The most needful thing in public life to-day is courage. Sometimes it seems the rarest. He has it in abundance and does not hesitate to use it. No one ever saw him flinch in the performance of any public duty. Hypocrisy never had a dwelling place in his soul. Brave as a lion he has a heart as tender as a woman's. Just a few days ago a Senator spoke in the cloakroom of seeing the Senator from New Jersey on F Street helping a poor old colored woman with a basket of clothes, and directing her in his characteristic way how to go. It was like the Senator from New Jersey. No suffering mortal would ever appeal to him in vain, no needy one ever be turned from his door.

Men to him are truly brothers, and he is a real lover of mankind. Jovial in disposition he has brought into this Chamber the sunshine of good cheer. Patriotic and able, with a fighting spirit when aroused, he has fought here the good fight for the people of this country. He has kept the faith with them. We all trust that he may frequently leave the narrow confines and the mosquito-laden air of New Jersey and come down here to mingle with his comrades in this body.

He leaves the Senate with the well wishes and the affectionate regard of all its Members. May the good Father permit him to remain long upon the earth, for the earth is a better place because such men as JIM MARTINE live.

May he go on in the mission of serving humanity, making more cheerful those around him, inspiring hope in the despondent, joy in the sorrowful, happiness in all who come in contact with him.

Whatever he may be doing in the future, and wherever he may be, we know his power, his influence, his heart will always be arrayed upon the side of those of our body politic whom he so frequently and affectionately terms "the underdog."

Mr. LODGE. Mr. President, I wish to call attention to one or two small amendments which I desire to offer to the revenue bill; but I can not begin, after what has occurred, without saying how cordially I join in the expression of the Senator from Iowa [Mr. KENYON], and that I am sure the Senator from New Jersey [Mr. MARTINE] takes with him the affectionate regards of all his colleagues on both sides of the Chamber.

Mr. President, under the unanimous consent in its working, it appears that we shall have no opportunity to discuss amendments. All the time, practically, has been given to the oleomargarine amendment, but there are many others of great importance and which ought not to be voted on without explanation.

I have two amendments—three, in fact—that I desire to offer myself, and which I desire now to explain very briefly.

I also wish to call attention to an amendment which is to be offered by the Senator from Oregon [Mr. CHAMBERLAIN], an amendment in regard to the fisheries, which is of a most serious and grave interest to the New England fisheries in its effect. It is an amendment that ought never to be put on any bill without the Senate having heard both sides of the question, and it is not apparent to me how we are to have any opportunity to discuss it. It involves our foreign relations; it involves the welfare, almost the existence, of the New England fisheries, and it ought not to go on this or any other bill without full discussion by the Senate.

The first amendment which I desire to offer is to section 203. I will furnish the Secretary with this copy of the bill, in which the amendments are carefully arranged. I propose to strike out of section 203, beginning with line 24—I think, on the whole, I will let the Secretary, if he will, read the two amendments, and then I will make a statement in regard to them.

The SECRETARY. Section 203 begins at the foot of page 4 of the printed bill. It is proposed to strike out, after the numeral "203," the following words:

That the tax herein imposed upon corporations and partnerships shall be computed upon the basis of the net income shown by their income-tax returns under Title I of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, or under this title.

And to insert the following words:

That the tax herein imposed upon corporations and partnerships shall be computed upon the basis of the income subject to the normal tax as shown by their income-tax returns under title 1 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, or under this title, and that for the purpose of computing said tax corporations and partnerships shall be allowed a credit as provided by section 5, subdivision 3, title 1, for their profit derived from dividends.

Mr. LODGE. I will ask the Secretary to read the second amendment in a moment. Of that amendment I wish briefly to explain the purpose. The section as it stands provides that the tax imposed upon corporations and partnerships shall be computed upon the basis of the net income shown by their income-tax returns. If we look at the income-tax law of September 8, 1916, we find that the term "net income" in the case of individuals means gross income less the eight deductions allowed in section 5a, but before deducting credits allowed in section 5b and 5c. Subdivision b allows, for the purpose of the normal tax, a credit for dividends received by the individual from corporations which are themselves subject to the normal tax. The original income-tax law of 1913 was so construed by the Treasury Department that members of a partnership were deprived of any credit for dividends received by the partnership. This injustice was cured by the law of 1916 by an express provision contained in section 18, allowing individual partners a credit for their proportionate share of the profits derived from such dividends.

What I ask by this amendment is that Congress should not reject the principle in the case of the excess profits tax which it has adopted in the case of the income tax, and that is why I have proposed that the words "net income," which are included in the bill, be amended so as to read "income subject to the normal tax." The effect of this would be to allow partnerships for the purpose of this act the same credit for dividends that they are allowed under the income-tax law.

This amendment, however, goes somewhat further. I have only described a part of it. It provides also to allow corporations as well as partnerships a credit for dividends received.

I think, Mr. President, that this is certainly just in principle, as it would be an undue hardship upon so-called holding corporations to impose an excess profits tax of 8 per cent upon earnings which have already been subjected to that tax in the hands of the subsidiary corporation.

Now, I will ask the Secretary to be kind enough to read the second amendment to section 204.

The SECRETARY. The second amendment proposed to section 204 is, on page 5, line 25, after the word "title," to strike out the words "and the tax imposed by this title shall not attach to incomes of partnerships or corporations derived exclusively from agriculture or from personal services" and in lieu insert "and the tax imposed by this title shall not attach to such part of the income of any partnership or corporation as is derived from agriculture or from personal or professional services."

Mr. LODGE. The main difference, Mr. President, is that I have included in the exemption professional as well as personal service and income derived from agriculture. There are many small partnerships and corporations where the business is built up by the professional exertions of the persons forming the partnership or corporation. A large part of the income, for instance, in engineering affairs comes from the ability and professional attainments of the partners. I do not think that those services ought to be taxed any more than personal services. It seems to me professional services ought also to be exempt as much as agriculture and personal services.

Mr. President, the purpose of both of these amendments is to lighten in some degree hardships of the excess profits tax and the injustice that that tax, as provided for in the bill, carries with it.

Those have been pointed out very thoroughly and in detail by my colleague [Mr. WEEKS], and I am not going to go into those details again; but it is enough to say that I believe the tax is false economically in principle, for it is putting a direct burden on enterprise.

It sounds very easy and conclusive to say that 8 per cent is an ample return from any business. Mr. President, a trust which can get for the trust property from 4½ to 5 per cent is investing very well; but a trustee invests for the preservation of capital. So he takes the least possible risk, and therefore he must be content with a very low rate of interest. But if men are to be encouraged to enter upon the businesses in which there is risk—mining, patents, a hundred different things will occur to Senators, building up a business in a new place—a man must have a return proportionate to his risk; otherwise he will not take it.

When we put this burden on excess profits we are putting burdens on the men who have taken the risks in business and who have largely built up the prosperity of this country. It is saying in effect to them, "If you are successful you are to be burdened in proportion to the risk you take instead of being rewarded for taking the risk."

Mr. BRANDEGEE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Connecticut?

Mr. LODGE. With pleasure.

Mr. BRANDEGEE. An illustration of what the Senator is saying is the risk that a shipping corporation takes to-day in sending its vessels on the water. They are liable to lose the whole value.

Mr. LODGE. Certainly; and we are burdening just such people as that. Take an illustration which I have seen in the towns of New England, and I have no doubt it exists elsewhere. A town in order to draw business will offer to a firm or a corporation a period of freedom from taxation if they will establish the business in the town, the object being, of course, to encourage the development of the business and the growth of the towns. This tax, which superficially looks so fair, is in reality an absolute discouragement to business enterprises and to men who are willing to enter upon new undertakings, who do it because they hope for profits sufficient to cover the years when they are making nothing and when they are carried on only by the hope of ultimate success. It is with a view of reducing the hardships and injuries which this excess profits tax, in my judgment, is going to cause that I have introduced these two amendments.

Mr. President, I have also introduced an amendment which I wish to bring to the attention of the Senate before it is voted upon, and I will ask the Secretary if he will have the kindness to read it. It is to go at the end of the bill.

The SECRETARY. Add at the end of the bill the following proviso:

Provided, That the highest rate of duty prescribed by the act entitled "An act to reduce tariff duties and to provide revenue for the Government," approved October 3, 1913, shall be assessed upon all articles of merchandise imported from foreign countries and entered for consumption in the United States which have not been produced or manufactured in accordance with the provisions set forth in the act entitled "An act to prevent interstate commerce in the products of child labor, and for other purposes," approved September 1, 1916.

Mr. LODGE. Mr. President, we have passed what are known as child-labor laws, which have had my very cordial support. I thoroughly believe in them; but, of course, in doing that we have taken away rightfully a form of labor which is widely employed in other countries. We prevent, and properly, our own people from using child labor. Are we ready to admit the products of child labor into this country without making discrimination against them? I think we ought to put the foreign product into which child labor enters at the same disadvantage which is justly imposed on the product of child labor in our own country. If we do not, we give a distinct benefit and a distinct encouragement to the employment of child labor abroad.

Mr. BRANDEGEE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Connecticut?

Mr. LODGE. I do.

Mr. BRANDEGEE. Will the Senator from Massachusetts inform me about that? Could we do that under our treaties with foreign nations?

Mr. LODGE. Certainly.

Mr. BRANDEGEE. Why?

Mr. LODGE. What is to prevent us doing it?

Mr. BRANDEGEE. I thought we could not discriminate against the goods of foreign nations.

Mr. LODGE. We can discriminate if the discrimination applies to all the world. The favored-nation clause only provides that we shall not give one nation a discrimination as against another nation.

Mr. BRANDEGEE. Oh, yes; I agree, if it is against the whole world.

Mr. LODGE. This is against the whole world.

Mr. BRANDEGEE. Is it against Asia and China?

Mr. LODGE. It is just as if we should say we would not admit anything to this country—as we have said it in the past on tariff bills—which was the result of prison labor.

Mr. BRANDEGEE. I think there would be a large amount of goods excluded from this country if every child in Asia were prevented from working on any goods that were to come into this country.

Mr. LODGE. Mr. President, that prospect does not appall me. I only want in a small way, if I can, to put our manufacturers on an equal plane with other manufacturers, or to put other manufacturers on an equal plane with ours, and to impose on them the same difficulties.

I do not believe, Mr. President, that the amendment needs any very extended argument, for I think Senators generally will understand its purpose. I have ventured to take up so much time as I have in order to explain these amendments, which I shall move at the proper time, when we reach the period to vote on the bill and amendments.

Mr. WADSWORTH and Mr. McCUMBER addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. WADSWORTH. Mr. President, I was about to make a request for unanimous consent, thinking the junior Senator from Wisconsin [Mr. HUSTING] was in the Chamber. I would not, however, desire to press it unless he were here.

Mr. SMITH of Georgia. Mr. President, I believe we had agreed to first vote on the margarine amendment. Why not vote on that amendment now?

Mr. HUSTING entered the Chamber.

The PRESIDING OFFICER. The junior Senator from Wisconsin is now present.

Mr. WADSWORTH. I yield to the Senator from Georgia, if he desires to make a request.

Mr. SMITH of Georgia. No. I was only calling the attention of the Senate to the fact that we had agreed to vote first on the margarine amendment; and, as the discussion seemed to be over with reference to that amendment, that it might be well to vote upon it before the discussion again starts.

Mr. WADSWORTH. Mr. President, the matter which I have in mind is of such grave emergency that I think I shall make an effort to secure a consideration of it at this time.

Mr. SMITH of Georgia. I understand from the colleague of the Senator from New York what he desires, and I do not interpose any objection.

DIVERSIONS OF WATER FROM NIAGARA RIVER.

Mr. WADSWORTH. I ask unanimous consent that the consideration of the revenue bill, so called, may be temporarily laid aside for the purpose of taking up the joint resolution (S. J. Res. 218) which I introduced upon yesterday relating to the diversions of water from the Niagara River.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. REED. Mr. President——

Mr. HUSTING. I object to the taking up of the joint resolution unless——

Mr. REED. I shall not object and have not objected; I did not rise for that purpose; but I did rise to ask whether or not a motion of that kind would displace the regular order of business?

Mr. WADSWORTH. My understanding of the situation is this: I have made no motion, but I have asked unanimous consent that the revenue bill be temporarily laid aside. The unanimous-consent agreement specifically provides that if that

bill is temporarily laid aside it is within the power of any Senator to call it up again.

The PRESIDING OFFICER. Does the Senator from Wisconsin object to the consideration of the joint resolution for which the Senator from New York asks consideration?

Mr. HUSTING. I object to the consideration of the joint resolution at this time unless some amendments, which I have prepared to offer to it, be accepted and incorporated in the joint resolution.

Mr. WADSWORTH. I do not understand how the amendments can come to the knowledge of the Senate unless the joint resolution, which I introduced yesterday, is brought before the Senate and the amendments are offered and read.

Mr. HUSTING. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUSTING. In the event the pending bill is momentarily laid aside, and I be given an opportunity tentatively to submit some amendments to the joint resolution, in the event the amendments are not accepted, can I then request that the joint resolution be referred to the proper committee?

The PRESIDING OFFICER. The Chair understands that, under the unanimous-consent agreement under which the Senate is now operating, a Senator at any time is privileged by an objection to bring back the unfinished business before the Senate.

Mr. HUSTING. With that understanding, I will not object to taking up the joint resolution, so that I may have an opportunity to present some amendments to it.

The PRESIDING OFFICER. Is there objection?

Mr. JONES. Mr. President, I do not want to interfere with the passage of the measure which is desired by the Senator from New York [Mr. WADSWORTH], but we have an idea as to the kind of amendments which will be offered to the joint resolution. They are amendments which will require days and days of discussion. I therefore think it would be simply a waste of the time of the Senate to-day upon this proposition to now take up the joint resolution. I merely make that suggestion. I am not going to object to the consideration of the joint resolution, but that is the situation which confronts the Senate on this important measure.

The PRESIDING OFFICER. The Chair hears no objection to the consideration of the joint resolution.

The Senate, as in Committee of the Whole, proceeded to consider the joint resolution (S. J. Res. 218) extending the time within which the "Joint resolution authorizing the Secretary of War to issue temporary permits for additional diversions of water from the Niagara River" shall remain in effect.

The PRESIDING OFFICER. The joint resolution has been heretofore read at length.

Mr. HUSTING. Mr. President, I desire to present two amendments to be inserted at the end of the joint resolution, and I ask to have them read.

The PRESIDING OFFICER. The first amendment proposed by the Senator from Wisconsin will be stated.

The SECRETARY. After the date "1900," at the end of the joint resolution, it is proposed to insert:

After the words "nineteen hundred and eighteen," at the end of the joint resolution, add the following: "*Provided*, That all permittees under this joint resolution shall pay into the Treasury of the United States at half-yearly intervals designated by the Secretary of War a clear yearly rental of $15,000; and in addition thereto for each electrical horsepower, generated and used and sold or disposed of, over 10,000 horsepower and up to 20,000 horsepower, the sum of $1 per annum; for each electrical horsepower, generated and used and sold or disposed of, over 20,000 horsepower and under 30,000 horsepower, the sum of 75 cents per annum, and for each electrical horsepower, generated and used and sold or disposed of, over 30,000 horsepower, the sum of 50 cents per annum: *Provided further*, That power and authority is hereby conferred upon the Secretary of War to establish, fix, and prescribe maximum rates which may be charged by the permittees under this joint resolution to the public for the sale of light, heat, power, or any other service: *And provided further*, That failure to pay the rentals herein provided for at the time and in the manner fixed by the Secretary of War, or the charging of any rate for light, heat, power, or any other service greater than the maximum fixed therefor by the Secretary of War shall amount to a revocation of the permit, and all rights thereunder shall ipso facto become void and of no effect.

Mr. SMOOT. Mr. President, that being the first amendment, I desire to ask the Senator from New York if he is willing to accept it?

Mr. WADSWORTH. It is quite impossible for me to accept the amendment.

Mr. SMOOT. Then, Mr. President, there is no necessity of spending any more time on the matter.

Mr. THOMAS. Mr. President, let the next amendment be read, so that we may understand what it is.

Mr. HUSTING. I ask for the reading of the next amendment which I propose.

Mr. BORAH. Let us have the other amendment before the Senate, merely to see how bad the amendments are.

The PRESIDING OFFICER. The Secretary will state the next amendment proposed by the Senator from Wisconsin.

The SECRETARY. At the end of the joint resolution it is proposed to insert the following:

Provided further, That whenever in the opinion of the President of the United States, evidenced by a written order addressed to the holder of any franchise, permit, or lease hereunder that the safety of the country demands, the United States hereby reserves the right to enter upon and take possession of any power plant developed under a permit, lease, or franchise held under the provisions of this joint resolution for the purpose of the manufacture of nitrates, explosives, or for any other purpose concerning the safety of the country and retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish the said purposes, and then to restore possession and control to the party or parties entitled thereto: *Provided*, That the United States shall pay to the party or parties entitled thereto such fair and just compensation for the use of said property, calculated upon the basis of a normal, fair, and moderate profit in time of peace, as may be agreed upon between the permittee and the Secretary of War: *Provided further*, That such fair and just compensation shall not be in excess of a sum which will hold the party or parties entitled to such compensation harmless of any loss or damage or damages by reason of such taking over, holding, using, and the restoring of the said properties in substantially the same condition as at the time of the taking thereof to the party or parties entitled thereto.

Mr. WADSWORTH. Mr. President, just one brief word in relation to the second amendment proposed by the Senator from Wisconsin, which has just been read. I can not but believe that the amendment is offered under a misunderstanding of the facts. This amendment would give the Government the right to take over the power companies for the purpose of manufacturing nitrate. The power companies at Niagara Falls do not manufacture anything except electrical power. They sell that power to the industries gathered around the city, which have been built up as the result of the existence of the power. If it is desired that the Federal Government shall have the right to take over any facilities which may exist for the manufacture of nitrates or of other products which are necessary for the conduct of the national defense, the power should be placed in the hands of the President or of the Secretary of War to take over the industries, but not the power plants. So the second amendment, Mr. President, is meaningless; it will accomplish nothing for the Government.

Mr. SHAFROTH. Mr. President, I should like to state to the Senator from New York that this is just what we are having in the West all the time. He can, therefore, see the injustice which would be perpetrated upon his people, as we see the same injustice perpetrated upon ours. It is an attempt upon the part of the Federal Government to fasten a leasing system upon waters that do not belong to it and over which it has no jurisdiction except to prevent obstruction to navigation.

Mr. SMOOT. I ask that the revenue bill be laid before the Senate.

The PRESIDING OFFICER. Objection being made by the Senator from Utah——

Mr. SAULSBURY. May I ask the Senator from Utah to withhold that request for a moment? I should like to take about two minutes on this matter.

Mr. SMOOT. I will yield two minutes, but I do not want to yield any longer than that.

Mr. SAULSBURY. Mr. President, I want to appeal to the Senator from Wisconsin under the circumstances which confront us not to insist on the amendments he has suggested. The reason I inject myself into this matter is that I am chairman of the subcommittee having under consideration a bill which has passed the House of Representatives and which was referred to the Foreign Relations Committee, which attempts to deal with this whole subject. I ask the Senator from Wisconsin not to insist on presenting the amendments, and let us have action on the joint resolution, for this reason: It is exceedingly important, particularly to the eastern part of the country, that the power now used at Niagara shall be continued to those industries operating there. The power companies at Niagara are being deprived of a great amount of power which has heretofore been sent across from the Canadian power plants, that power having been commandeered by the Canadian Government, or the Ontario Government, for their own purposes. If this joint resolution is not adopted, the only result will be that our own people in this country will not be able to continue the manufacture of a great many things which are very essential, not only to their welfare but to many manufacturing institutions of which I have knowledge all over the East. Among others, I happen to know that the pulp and paper industry is very largely dependent upon getting certain supplies from the Niagara power companies.

Let me suggest, if I may, Mr. President, that if the Senator from New York will agree to make this extension run to the 1st day of next January, and the Senator from Wisconsin will

also agree that the joint resolution may extend the time within which this power may be used by the existing companies until the 1st of January, we may have time—we will have time, certainly, if we have an extra session, but we may have time even at the regular session beginning in December next—to call this matter up for consideration in the Congress.

I make the suggestion only because I think it is so important to so many people and to so many manufacturing concerns that this power shall not, because of the inaction of Congress, in the meantime, be allowed to run to waste when it is so much needed. May I ask the Senator from New York if he will accept such a suggestion as that, if the Senator from Wisconsin will agree to it?

Mr. WADSWORTH. Mr. President, in view of this great emergency, which is national in its character, I will accept an amendment so that the new permits shall expire January 1, 1918.

Mr. SAULSBURY. May I ask the Senator from Wisconsin whether he will agree to that?

Mr. HUSTING. Mr. President, I do not want to answer that question without at least putting myself right before the Senate. Senators are asking me to agree to something evidently on the presumption that those asking for additional water rights are going to refuse to do something entirely reasonable and just and something which they should do. So far as the first amendment I have offered is concerned, it merely exacts of these power companies what their competitors are paying on the opposite shore for the use of practically the same water, for it is mingled together. They are paying the Ontario government, and not only that, but Americans are paying the Ontario government for the privilege which they are now asking of the American Government, and for which they claim any charge to be unreasonable. So I say that I am proceeding upon the assumption that Americans will be willing to accept a franchise at the hands of the American Government at least upon terms which are the minimum that they have got to give to a foreign nation.

Mr. SAULSBURY. Will the Senator permit me to interrupt him?

Mr. HUSTING. Secondly, in answer to the statement of the Senator from New York [Mr. WADSWORTH] that the provisions of the second amendment in regard to the taking of this power in case of war are meaningless, I want to say that if the power given to these plants on the American side is taken by the Government, it will have no trouble in getting the facilities for manufacturing ammunition, because the Government has to have such facilities in order to manufacture it, and it can proceed to do so upon proper terms. So that the power is the key to the situation, notwithstanding the fact that the companies are selling that power to other factories.

For that reason, assuming that Americans who are coming here and asking for water privileges from the United States are willing to deal with their own country as fairly as they are willing to deal with a foreign nation, I propose to have them yield to the just demands of the Government, rather than to have the Government yield to the unjust demands of the men who are asking for the privilege. Consequently, I object to the consideration of the joint resolution, unless the amendments I have proposed can be made part of it.

Mr. WADSWORTH. I ask that the joint resolution be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. SAULSBURY. Mr. President, while the matter concerning the Niagara power plants is fresh in the minds of Senators, I desire to say one more word, so that my position may be understood by the Senator from Wisconsin.

I do not think it makes the slightest difference at this time whether the possible users of the power at Niagara are willing to pay the fees provided by the proposed amendment of the Senator from Wisconsin or whether they are willing to pay ten times the amount. The difficulty we are under is this: We have run into the same snag that all power bills have run into in this body and in the other House, and we are practically unable to get anywhere. It is a matter of such very great importance, in my judgment, that this power, which is running to waste, should be used at least for a short time, that I urged the Senator from Wisconsin to agree to the suggestion made by me. So far as his amendments are concerned, I am neither advocating nor opposing them. I am not undertaking to deal with their merits.

Mr. SMOOT. I ask that the revenue bill be laid before the Senate.

Mr. SHAFROTH. Mr. President, just a word while we are on this subject.

The VICE PRESIDENT. The revenue bill is before the Senate.

Mr. SMOOT. There was unanimous consent that it be temporarily laid aside.

The VICE PRESIDENT. Yes; but upon the objection of the Senator from Utah it has been before the Senate ever since the objection was made, under the unanimous-consent agreement.

Mr. SHAFROTH. Mr. President, I want to say in relation to the matter that has been before the Senate that the distinction between the Government of Canada and that of the Province of Ontario is the distinction we have been trying to draw between the Government of the United States and the States in attempting to regulate and control waters in the Western country. The contracts which have been made by the Canadian power companies are not contracts with the Canadian Government but with the Province of Ontario, just exactly as any contract with relation to water powers should be made with a State instead of with the Nation. We do not think it wise that the Nation should ever attempt to undertake the leasing system, but the State can do so with propriety, because it owns the water, and the revenue it receives is in place of the taxes it is prevented from receiving, if the lease is by the Federal Government. The same thing is true with reference to the Province of Ontario as against the Dominion of Canada. It can do so, and the State of New York can do so; but I object absolutely to the National Government having any control with relation to these waters.

Mr. HUSTING. Mr. President, may I ask the Senator from Colorado a question?

Mr. SHAFROTH. Certainly.

Mr. HUSTING. The Senator, as I understand, contends that the United States has not any jurisdiction or control over this matter?

Mr. SHAFROTH. It has a negative power; it has the power to prevent obstruction in navigable streams.

Mr. HUSTING. If it only has a negative power, what is this joint resolution here for?

Mr. SHAFROTH. I do not know why it should be here, except that there has been usurpation on the part of the Federal Government, as there has been all the time with relation to our western waters.

Mr. WATSON. Mr. President, I object to further debate on this proposition, and ask that the regular order be taken up.

The VICE PRESIDENT. It is before the Senate.

Mr. WATSON. Then why do we not have a vote on the oleomargarine amendment, which is the amendment now pending?

THE COAST GUARD (S. DOC. NO. 716, PT. 2).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury calling attention to an estimate submitted in the sum of $250,000 to enable the Coast Guard to bring its telephone system of coastal communication to a high state of efficiency, which was referred to the Committee on Appropriations and ordered to be printed.

PUBLIC BUILDINGS.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting information relative to certain public-building propositions regarded by the department as imperative, which, with the accompanying paper, was referred to the Committee on Public Buildings and Grounds and ordered to be printed.

DESTRUCTION OF FUR SEALS (S. DOC. NO. 726).

The VICE PRESIDENT laid before the Senate a communication from the Attorney General, transmitting, in response to resolution of August 5, 1916, a report relative to certain alleged illegal killing of fur seals in the Pribilof Islands, which, with the accompanying papers, was referred to the Committee on Foreign Relations and ordered to be printed.

SAND DUNES OF NORTHERN INDIANA.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, in response to a resolution of September 7, 1916, certain information relative to the sand-dune region of northern Indiana, which, with the accompanying papers, was referred to the Committee on Printing.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House agrees to the amendments of the Senate to the bill (H. R. 14777) to provide for the control of the floods of the Mississippi River and of the Sacramento River, Cal., and for other purposes.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H. R. 5788) to create two additional associate justices of the Supreme Court of the District of Columbia, requests a conference with the Senate on the dis-

agreeing votes of the two Houses thereon, and had appointed Mr. WEBB, Mr. CARLIN, and Mr. VOLSTEAD managers at the conference on the part of the House.

PETITIONS AND MEMORIALS.

Mr. VARDAMAN. I ask to have printed in the RECORD a memorial signed by a large number of citizens of Okolona, Miss., protesting against the Underwood oleomargarine amendment to the pending revenue bill.

There being no objection, the memorial was ordered to be printed in the RECORD, as follows:

To Hon. JOHN SHARP WILLIAMS and JAMES K. VARDAMAN, United States Senators; and Hon. EZEKIEL CANDLER and T. U. SISSON, Congressmen:

We, the undersigned, interested in the dairy business, having been forced into a change of farming methods by the ravages of the boll weevil, and just now getting to the point where we can realize something from our efforts and investment, feel that our very existence as dairymen is threatened by the amendment to the revenue bill offered by Senator UNDERWOOD, of Alabama, providing for a reduction of the tax on colored oleomargarine from 10 cents to 2 cents per pound. This is intended only for the purpose of enabling the oleo manufacturers to sell their product as an imitation of butter and in competition with butter other than on its merits. The tax on uncolored oleo is very small, and if this product is sold only on its merits there is no reason why the tax on colored oleo should be reduced.

Mississippi farmers are rapidly going into the dairying industry, and we feel that our salvation depends largely upon proper encouragement of this business and allied industries.

We appeal to our Senators and Representatives to examine carefully this matter before voting for this Underwood amendment, and, if you can consistently do so, to cast your vote for what we feel to be the interest of not only ourselves but what we consider to be honest and fair dealing with the public at large.

Respectfully submitted.

Mr. OLIVER presented petitions of sundry citizens of Pennsylvania, praying for national prohibition, which were ordered to lie on the table.

He also presented petitions of sundry citizens of Ridgway and Williamsport, in the State of Pennsylvania, praying for the adoption of an amendment to the Constitution to prohibit polygamy, which were referred to the Committee on the Judiciary.

He also presented petitions of sundry citizens of Lancaster County, Pa., praying for the enactment of legislation to found the Government on Christianity, which were referred to the Committee on the Judiciary.

Mr. TOWNSEND presented petitions of Local Branch 48, Catholic Mutual Benefit Association, of Grand Rapids; of the congregation of the First Reformed Church of Zeeland; and of sundry citizens of Bay and Saginaw Counties, all in the State of Michigan, praying that the United States remain at peace, which were referred to the Committee on Foreign Relations.

He also presented a petition of the Trades and Labor Council, of Battle Creek, Mich., praying for the passage of the so-called absent-voters bill, which was referred to the Committee on the Judiciary.

Mr. SMITH of Maryland presented petitions of sundry citizens of Maryland, praying for national prohibition, which were ordered to lie on the table.

Mr. LODGE. I present resolutions adopted by the Chamber of Commerce, of Boston, Mass., approving the action of the President in severing relations with Germany and urging the maintenance of American rights, which I ask may be printed in the RECORD and be referred to the Committee on Foreign Relations.

There being no objections, the resolutions were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

BOSTON CHAMBER OF COMMERCE, *February 21, 1917.*

At the meeting of the board of directors of the Boston Chamber of Commerce, held to-day, the following preamble and resolution were unanimously adopted:

"Whereas the German Imperial Government has forbidden to our people the exercise 'of their peaceful and legitimate errands on the high seas'; and

"Whereas in consequence the President of the United States has severed diplomatic relations with Germany: Therefore be it

"*Resolved by the board of directors of the Boston Chamber of Commerce:*

"First. That they commend the President for his uncompromising stand in severing diplomatic relations.

"Second. That they rely upon the President to protect American citizens and American ships in their acknowledged rights on the high seas.

"Third. That they urge upon the President the necessity of making immediate preparations against the contingencies of war.

"Fourth. That while they desire peace, they are mindful of the motto of this Commonwealth, and pledge to the President their loyal support in any action that he may take to maintain the rights of the American people."

A true copy.

Attest:

JAMES A. MCKIBBEN, *Secretary.*

Mr. CHAMBERLAIN. I present a joint memorial of the Legislature of Oregon, which I ask to have printed in the RECORD and referred to the Committee on Appropriations.

There being no objection, the joint memorial was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

House joint memorial 11.

Memorial to the Congress of the United States of America, petitioning the United States Government to appropriate sufficient funds for the purpose of laying out, constructing, and building suitable "Peace memorial halls" at Gettysbug and Chickamauga.

To the Senate and House of Representatives of the Congress of the United States of America:

We, your memorialists, the Senate and House of Representatives of the State of Oregon, jointly concurring, respectfully represent that—

Whereas on the second day of July, 1913, at the great fraternal reunion of the Blue and the Grey at Gettysburg 12,000 ex-Confederates assembled there adopted a series of resolutions in which they asserted in the strongest possible terms their devotion to the Union and the flag, and mentioned a desire for a "Peace memorial" which should stand for American brotherhood; and

Whereas on July 3, 1913, Col. Andrew Cowan, a prominent ex-Federal Army officer, and president of the Society of the Army of the Potomac, in speaking to a vast audience in the "big tent," strongly advocated the "Peace memorial," which had been suggested by the Confederate resolutions; and soon after the end of the Gettysburg meeting an organization was effected, called the "Gettysburg Peace Memorial Association," which in its membership was composed of ex-Federal and ex-Confederate soldiers in about equal numbers and was supposed to embrace the most prominent living members of each army; and

Whereas the avowed object of this association was to secure an appropriation from the United States Congress for the purpose of building such memorial; and

Whereas a bill for that purpose was introduced by Mr. Sherley, Representative from the Louisville, Ky., district, but the Congress has never acted upon it, and hence the Gettysburg Peace Memorial Association has failed of its purpose; and

Whereas the "Gettysburg-Chickamauga Peace Memorial Halls Association" has been organized, composed of representative members of the Sons of the American Revolution, the Grand Army of the Republic, the United Confederate Veterans, the Relief Corps, the Ladies of the Grand Army of the Republic, the Daughters of the American Revolution, the Daughters of the Confederacy, the Sons of the United States Veterans, the Sons of the Confederate Veterans, the Spanish-American War Veterans, the Loyal Legion, the Boy Scouts, and last, though by no means least, the Congress of Mothers and Parent Teachers Association, one person from each of said organizations, and one patriotic gentleman not belonging to any of the organizations named; and

Whereas the declared object of this association is to build two memorial halls, one at Gettysburg and the other upon the Chickamauga battle field, the one field contested by the Army of the Potomac and the Army of Northern Virginia; the other by the Army of the Cumberland and the Army of the Tennessee; the one battle having been fought upon the northern and the other upon southern soil; and

Whereas it is intended that these halls shall typify or symbolize the fact of peace and fraternity between the sections which were once at war, and shall forever represent one country and one flag, that they shall be used for such patriotic assemblages as may from time to time find it necessary or convenient to meet at one or the other place; and

Whereas part of the funds for building these memorial halls it is proposed to raise by popular subscriptions, principally through the public schools of the country, as it is felt that by permitting the children and youth of the country to participate in the work will bring to them a patriotic devotion to our reunited country in greater measure than it could be done in any other way: Therefore be it

Resolved by the Senate and House of Representatives of the State of Oregon (jointly concurring), That we do hereby most respectfully urge and request that the Congress of the United States of America immediately appropriate a sufficient sum for the construction and building of suitable "Peace memorial halls" at Gettysburg and Chickamauga; be it further

Resolved, That upon the adoption of this memorial by the senate the chief clerk of the senate be, and he hereby is, instructed to transmit a copy of the same to each member of the Oregon delegation in Congress.

STATE OF OREGON,
SENATE CHAMBER.

I, J. W. Cochran, chief clerk of the Twenty-ninth Legislative Assembly of the State of Oregon, do hereby certify—

That I have carefully compared the annexed copy of house joint memorial 11, Twenty-ninth Legislative Assembly, State of Oregon, with the original thereof as adopted by the house February 17, 1917, and concurred in by the senate February 17, 1917, and that the same is a full, true, and correct transcript therefrom and of the whole thereof.

In witness whereof, I have hereunto set my hand this 19th day of February, 1917.

J. W. COCHRAN,
Chief Clerk Senate,
Twenty-ninth Legislative Assembly of the State of Oregon.

ARMY APPROPRIATIONS.

Mr. CHAMBERLAIN, from the Committee on Military Affairs, to which was referred the bill (H. R. 20783) making appropriations for the support of the Army for the fiscal year ending June 30, 1918, and for other purposes, reported it with amendments and submitted a report (No. 1126) thereon.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PENROSE:

A bill (S. 8323) to permit the redistillation of whisky in bond on distillery premises; to the Committee on Finance.

By Mr. CHAMBERLAIN:

A bill (S. 8324) granting an increase of pension to Leslie C. Davis (with accompanying papers); and

A bill (S. 8325) granting an increase of pension to George F. Lasher (with accompanying papers); to the Committee on Pensions.

AMENDMENTS TO APPROPRIATION BILLS.

Mr. NEWLANDS submitted an amendment proposing to appropriate $14,040 for the Commission on Fine Arts, intended to be proposed by him to the sundry civil appropriation bill (H. R. 20967), which was referred to the Committee on the Library and ordered to be printed.

Mr. SHEPPARD submitted an amendment proposing to appropriate $15,000 for oyster survey in the State of Texas and $15,000 for improving the fish hatchery at San Marcos, Tex., intended to be proposed by him to the sundry civil appropriation bill (H. R. 20967), which was referred to the Committee on Appropriations and ordered to be printed.

Mr. HUGHES submitted an amendment providing that during the fiscal year 1918 all civilian employees in the Naval Establishment included on the lump-sum rolls only those persons who are carried thereon at the close of the fiscal year ending June 30, 1917, shall receive increased compensation at the rate of 10 per cent per annum to such employees who receive salaries or wages in such employments at a rate per annum of less than $1,200, intended to be proposed by him to the naval appropriation bill (H. R. 20632), which was ordered to lie on the table and be printed.

He also submitted an amendment authorizing the President to appoint Acting Asst. Surg. Elwin Carlton Taylor, United States Navy, to the grade of passed assistant surgeon, United States Navy, as an additional number, etc., intended to be proposed by him to the naval appropriation bill (H. R. 20632), which was ordered to lie on the table and be printed.

He also submitted an amendment providing that all civilian employees in the Naval Establishment included on the lump-sum rolls only those persons carried thereon at the close of the fiscal year ending June 30, 1917, shall receive increased compensation at the rate of 10 per cent per annum to such employees who receive salaries or wages in such employments at a rate per annum of less than $1,200, etc., intended to be proposed by him to the naval appropriation bill (H. R. 20632), which was ordered to lie on the table and be printed.

He also submitted an amendment authorizing the President to place Albert Hamilton, formerly a first lieutenant, United States Marine Corps, on the retired list of the Navy, etc., intended to be proposed by him to the naval appropriation bill (H. R. 20632), which was ordered to lie on the table and be printed.

He also submitted an amendment authorizing the President to appoint William Henry Armstrong a captain in the Porto Rican Regiment at the rank and place he occupied at the time of his termination of service, intended to be proposed by him to the Army appropriation bill (H. R. 20783), which was ordered to lie on the table and be printed.

Mr. SWANSON submitted an amendment proposing to extend the limit of time for beginning the erection of the George Washington Memorial Building to March 4, 1919, intended to be proposed by him to the sundry civil appropriation bill (H. R. 20967), which was referred to the Committee on Appropriations and ordered to be printed.

He also submitted an amendment authorizing the President to cause the name of Capt. E. R. Warner McCabe, Eighth Cavalry, United States Army, to appear upon the lineal list of the captains of the Cavalry next below that of W. S. Martin, etc., intended to be proposed by him to the Army appropriation bill (H. R. 20783), which was referred to the Committee on Military Affairs and ordered to be printed.

Mr. SMOOT submitted an amendment to reimburse the official reporters of the proceedings and debates of the Senate for expenses incurred from July 1, 1916, to March 4, 1917, for clerk hire and other clerical services, $3,300, intended to be proposed by him to the general deficiency appropriation bill (H. R. 21069), which was referred to the Committee on Appropriations.

Mr. O'GORMAN submitted an amendment authorizing the Secretary of the Treasury to reissue Treasury drafts upon return to the Treasury Department of certain outstanding drafts amounting to not to exceed $7,407.09 by H. Amy & Co., Adrian Iselin & Co., Baring Bros. & Co., etc., intended to be proposed by him to the sundry civil appropriation bill (H. R. 20967), which was referred to the Committee on Appropriations and ordered to be printed.

Mr. ASHURST submitted an amendment providing that the net receipts from the operation of power plants shall be credited to the construction account to reduce the final amount due, and shall not be used to reduce the annual payments for construction, maintenance, and operation intended to be proposed by him to the sundry civil appropriation bill (H. R. 20967), which was referred to the Committee on Appropriations and ordered to be printed.

Mr. NEWLANDS submitted an amendment proposing to appropriate $20,000 for the Joint Congressional Committee on Interstate Commerce intended to be proposed by him to the general deficiency appropriation bill (H. R. 21069), which was referred to the Committee on Interstate Commerce and ordered to be printed.

RIVER AND HARBOR APPROPRIATIONS.

Mr. HUGHES submitted an amendment intended to be proposed by him to the river and harbor appropriation bill (H. R. 20079), which was ordered to lie on the table and be printed.

ARMED MERCHANT SHIPS.

Mr. McCUMBER. I submit an amendment in the nature of a substitute for Senate bill 8322, authorizing the President to supply merchant ships with defensive arms and to employ such instrumentalities and methods as may, in his judgment and discretion, seem necessary and adequate to protect such vessels and the citizens of the United States in their lawful and peaceful pursuits on the high seas, and for other purposes, which I ask may be printed and lie on the table.

The VICE PRESIDENT. Without objection, that action will be taken.

ADDITIONAL JUDGES.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 5788) to create two additional associate justices of the Supreme Court of the District of Columbia, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. OVERMAN. I move that the Senate insist upon its amendments, agree to the conference asked for by the House, the conferees on the part of the Senate to be appointed by the Chair.

The motion was agreed to; and the Vice President appointed Mr. OVERMAN, Mr. CHILTON, and Mr. CLARK conferees on the part of the Senate.

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Sharkey, one of his secretaries, announced that the President had, on February 27, 1917, approved and signed the following acts:

S. 40. An act to authorize agricultural entries on surplus coal lands in Indian reservations;

S. 1068. An act relating to desert-land entries;

S. 1792. An act for the relief of settlers on unsurveyed railroad lands;

S. 1878. An act making appropriation for payment of certain claims in accordance with findings of the Court of Claims, reported under the provisions of the acts approved March 3, 1883, and March 3, 1887, and commonly known as the Bowman and the Tucker Acts, and under the provisions of section No. 151 of the act approved March 3, 1911, commonly known as the Judicial Code; and

S. 8252. An act to authorize the change of name of the steamer *Charles L. Hutchinson* to *Fayette Brown*.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed a bill (H. R. 20967) making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1918, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Vice President:

H. R. 8229. An act to establish a national military park at the battle field of Guilford Courthouse;

H. R. 9533. An act to provide a civil government for Porto Rico, and for other purposes;

H. R. 14777. An act to provide for the control of the floods of the Mississippi River and of the Sacramento River, Cal., and for other purposes;

H. R. 18453. An act making appropriations for the current and contingent expenses of the Bureau of Indian Affairs, for ful-

filling treaty stipulations with various Indian tribes, and for other purposes, for the fiscal year ending June 30, 1918; and

H. R. 20414. An act for the establishment of a probation system in the United States courts except in the District of Columbia.

RESTORATION OF ANNUITIES TO SIOUX INDIANS—CONFERENCE REPORT.

Mr. CLAPP submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 135) for the restoration of annuities to the Medawakanton and Wahpakoota (Santee) Sioux Indians, declared forfeited by the act of February 16, 1863, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the bill, and agree to the same with an amendment as follows: In lieu of the amendment proposed insert the following:

"That jurisdiction be, and hereby is, conferred upon the Court of Claims to hear, determine, and render final judgment for any balance that may be found due the Medawakanton and Wahpakoota Bands of Sioux Indians, otherwise known as Santee Sioux Indians, with right of appeal as in other cases, for any annuities that may be ascertained to be due to the said bands of Indians under and by virtue of the treaties between said bands and the United States, dated September 29, 1837 (7 Stat. L., p. 538), and August 5, 1851 (10 Stat. L., p. 954), as if the forfeiture of the annuities of said bands approved February 16, 1863, had not been passed: *Provided*, That the court in rendering judgment shall ascertain and include therein the amount of accrued annuities under the treaty of September 29, 1837, up to the date of rendition of judgment, and shall determine and include the present value of the same, not including interest, and the capital sum of said annuity, which shall be in lieu of said perpetual annuity granted in said treaty; and to ascertain and set off against any amount found due under said treaties all moneys paid to said Indians or expended on their account by the Government of the United States since the treaties were abrogated by the act of February 16, 1863: *Provided*, That the treaty of April 28, 1868, shall not be a bar to recovery, but all equities and benefits received thereunder by the Santee Sioux Indians shall be taken into consideration in the determination of the amount of recovery. Upon the rendition of such judgment and in conformity therewith the Secretary of the Interior is hereby directed to ascertain and determine which of said Indians now living took part in said outbreak and to prepare a roll of the persons entitled to share in said judgment by placing thereon the names of all living members of said bands residing in the United States at the time of the passage of this act, excluding therefrom only the names of those found to have personally participated in the outbreak; and he is directed to distribute the proceeds of such judgment, except as hereinafter provided, per capita to the persons borne on the said roll.

"Proceedings shall be commenced by petition verified by or under authority of one of the attorneys who have been heretofore employed by said bands of Indians to prosecute their claims under a contract which has been heretofore approved by the Commissioner of Indian Affairs and the Secretary of the Interior as provided by law, upon information and belief as to the existence of the facts stated in said petition, and no other verification shall be necessary. Upon final determination of the cause the Court of Claims shall decree such fees as the court shall find to be reasonable upon a quantum meruit for services performed or to be performed, to be paid to the attorney or attorneys so employed by the said band of Indians and their associates, and the same shall be paid by the Secretary of the Treasury out of the proceeds of the fund arising from said judgment in favor of said bands of Indians when an appropriation therefor shall have been made by Congress: *Provided*, That in no case shall the fees decreed by the court amount in the aggregate to more than 10 per cent of the amount of the judgment recovered, and in no event shall the aggregate amount exceed $50,000."

And the House agree to the same.

HENRY L. ASHURST,
H. L. MYERS,
MOSES E. CLAPP,
Managers on the part of the Senate.

C. D. CARTER,
CARL HAYDEN,
P. D. NORTON,
Managers on the part of the House.

Mr. CLAPP. I ask that the conference report lie on the table for the present.

The VICE PRESIDENT. Without objection, that action will be taken.

HOUSE BILL REFERRED.

H. R. 20967. An act making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1918, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

THE REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 20573) to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications, and for other purposes.

Mr. UNDERWOOD. Mr. President, I will ask for the yeas and nays on the oleomargarine amendment.

Mr. JONES. Mr. President, there are one or two Senators absent who asked me to call for a quorum, so that they might be present when this matter was voted upon. Therefore I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hitchcock	Norris	Simmons
Bankhead	Hollis	O'Gorman	Smith, Md.
Beckham	Hughes	Oliver	Smoot
Borah	Husting	Page	Sterling
Brady	James	Penrose	Sutherland
Catron	Johnson, S. Dak.	Pittman	Swanson
Chamberlain	Jones	Poindexter	Thomas
Clark	Kenyon	Pomerene	Thompson
Culberson	Kirby	Ransdell	Underwood
Cummins	Lane	Reed	Wadsworth
Curtis	Lea, Tenn.	Robinson	Walsh
Dillingham	Lewis	Saulsbury	Warren
Fernald	Lippitt	Shafroth	Watson
Fletcher	McCumber	Sheppard	Weeks
Gronna	Martin, Va.	Sherman	Williams
Harding	Nelson	Shields	

The VICE PRESIDENT. Sixty-three Senators have answered to the roll call. There is a quorum present. The question is on agreeing to the so-called oleomargarine amendment, on which a request has been made for a yea-and-nay vote. Is the request seconded?

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. GRONNA (when his name was called). I have a general pair with the senior Senator from Maine [Mr. JOHNSON]. On this question I understand that he would vote as I shall vote. I therefore vote "nay."

Mr. SAULSBURY (when his name was called). I have a general pair with the junior Senator from Rhode Island [Mr. COLT] and therefore withhold my vote.

Mr. STERLING (when his name was called). I have a general pair with the junior Senator from South Carolina [Mr. SMITH]. I am unable to obtain a transfer. Not knowing how he would vote, I withhold my vote.

Mr. WARREN (when his name was called). I have a general pair with the junior Senator from North Carolina [Mr. OVERMAN], who is absent on official business, and I therefore withhold my vote.

The roll call was concluded.

Mr. STERLING. I transfer my pair with the junior Senator from South Carolina [Mr. SMITH] to the senior Senator from California [Mr. WORKS] and vote "nay."

Mr. O'GORMAN (after having voted in the affirmative). I have a general pair with the senior Senator from New Hampshire [Mr. GALLINGER], which I transfer to the junior Senator from Arizona [Mr. SMITH], and will allow my vote to stand.

Mr. CURTIS. I have been requested to announce that the Senator from West Virginia [Mr. GOFF] is paired with the Senator from South Carolina [Mr. TILLMAN].

Mr. LEA of Tennessee. I have been requested to announce that the Senator from California [Mr. PHELAN] is detained from the Senate on official business.

The result was announced—yeas 21, nays 59, as follows:

YEAS—21.

Bankhead	Hardwick	Robinson	Vardaman
Beckham	Hughes	Sheppard	Wadsworth
Broussard	James	Shields	Williams
Bryan	Martine, N. J.	Smith, Ga.	
Culberson	O'Gorman	Thomas	
Fall	Ransdell	Underwood	

NAYS—59.

Ashurst	Chamberlain	Dillingham	Hitchcock
Borah	Clapp	du Pont	Hollis
Brady	Clark	Fernald	Husting
Brandegee	Cummins	Gronna	Johnson, S. Dak.
Catron	Curtis	Harding	Jones

Kenyon	McCumber	Pittman	Sterling
Kern	McLean	Poindexter	Stone
Kirby	Martin, Va.	Pomerene	Sutherland
La Follette	Myers	Reed	Swanson
Lane	Nelson	Shafroth	Thompson
Lea, Tenn.	Norris	Sherman	Townsend
Lee, Md.	Oliver	Simmons	Walsh
Lewis	Owen	Smith, Md.	Watson
Lippitt	Page	Smith, Mich.	Weeks
Lodge	Penrose	Smoot	

NOT VOTING—16.

Chilton	Goff	Overman	Smith, S. C.
Colt	Gore	Phelan	Tillman
Fletcher	Johnson, Me.	Saulsbury	Warren
Gallinger	Newlands	Smith, Ariz.	Works

So the amendment of the committee was rejected.

Mr. CLAPP. Mr. President, I have here some matter that I desired to insert in the RECORD prior to the vote. Owing to the press of time under the unanimous-consent agreement, I was unable to do so. I ask now that it may be printed in the RECORD.

The VICE PRESIDENT. Is there any objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

CLIFTON, TEX., *February 21, 1917.*

Hon. C. A. CULBERSON,
Hon. MORRIS SHEPPARD,
Senate Chamber, Washington, D. C.:

Please use your influence against the Underwood amendment (H. R. 20573) permitting oleomargarine to be colored in imitation of butter. This will be a serious blow to the dairy industry of the country. The great farming interest of Texas is being aroused and encouraged in dairying. It should be encouraged, because it means better farming and better living.

J. W. BUTLER,
President Texas Bankers' Association.

—

Senator UNDERWOOD'S own State:

ALABAMA LIVE STOCK ASSOCIATION.

Resolutions adopted at the 1916 annual meeting, Montgomery, Ala., to protect the dairy interests against the fraudulent sale of oleomargarine as the product of the dairy and to protect the unsuspecting consumers of dairy products.

Resolved, That the Alabama Live Stock Association, realizing the importance of the development of the dairy industry to the State and Nation, favors such Federal legislation as may be necessary to fully protect the dairy interests against the fraudulent sale of oleomargarine as the product of the dairy and to protect the interests of unsuspecting consumers of dairy products, and indorses the amendments to the present law which the National Dairy Council propose to introduce at this session of Congress.

Resolved further, That a copy of this resolution be sent to the Alabama Representatives in Congress and to the officers of the National Dairy Council.

Officers of the Alabama Live Stock Association: President, Dr. C. A. Cary, Auburn; vice president, beef cattle, N. J. Bell; vice president, dairy cattle, D. H. Marbury; vice president, horses and mules, L. F. Session; vice president, swine, Judge C. E. Thomas; vice president, sheep, Yancey Swearingen; vice president, poultry, Mrs. M. M. Burr; treasurer, J. S. Kernachan, Sheffield; secretary, Geo. S. Templeton, Auburn.

The Alabama Live Stock Association has a division for each class of live stock, and the above resolution originated in the dairy division, and was adopted by the meeting at large. Copies were mailed to all Alabama Senators and Congressmen by the secretary at the time.

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Advance copy of editorial in the Southern Ruralist, Atlanta, Ga., March 1, 1917, by the editor, Dr. H. E. Stockbridge, president of the Farmers' National Congress.

[Editorial in Southern Ruralist, of Atlanta, Ga., March 1, 1917, in opposition to the Underwood oleomargarine amendment.]

LIKE JOCKO AND PUSS.

It is an old legislative trick of the advocates of a questionable measure to attach the same as an amendment to a pending and imperative regular appropriation bill. The objections to such a course are many and serious. No opportunity is offered the opponents of such propositions for public hearings. The result is legislation obtained without public knowledge; of course, utterly at variance with democratic principles. Another serious objection is the hasty and, therefore, ill-considered action, leaving great opportunity for error and injustice to become statute law.

The present session of Congress has seen an unusual amount of effort at securing this form of star-chamber legislation, which could have never been enacted by the usual open, fair, and public means. To one such measure now pending in the Senate we wish to call special attention. We refer to the Underwood amendment to the emergency appropriation bill for Army and Navy. This amendment refers to margarine tax. It provides for supplanting the present tax of 10 cents per pound on colored and one-fourth cent tax on uncolored oleo by a flat tax of 2 cents on margarine, colored and uncolored alike.

Let us get the circumstances well in mind. The foreign relations of our Government are in a most critical condition. There is daily possibility and serious probability of our country being involved in the cataclysm of European war. For protection against this imminent contingency an emergency bill is passed by the House of Representatives of "increased appropriations for the Army and Navy and the extension of fortifications." This bill goes to the Senate, and the Senator from Alabama attaches an amendment changing the tax on oleo. Our whole program of national preparedness must be delayed and jeopardized while Senators debate the vital issue of the rate of tax on artificial and spurious butter.

Such a situation is almost unbelievable. Were the matter not so serious one would almost suppose that some legislative humorist was merely attempting to perpetrate a huge though untimely joke. No possible contortion of facts can disclose the merest shadowy pretense of connection between national emergency defense and the method of taxing margarine. The only possible excuse for this action is the chance of forcing by unfair means a result hopelessly impossible by regular and legitimate methods.

It is important to fully understand what the passage of this nefarious amendment really accomplishes. It removes all restrictions against the coloring of margarine and allows manufacturers to color their spurious product at will. The inevitable result of this law is clearly established by past conditions in this country when essentially the same law was in effect, and by the experience of every foreign country. Oleomargarine has never anywhere been colored in imitation of butter except for the purpose of deceiving and defrauding the consumer.

This pending amendment has been intentionally misrepresented by its advocates, and inadvertently by the press, as an effort "to reduce the 10-cent tax on oleomargarine to 2 cents." Here are the real facts: Only 2¼ per cent of all the oleo sold in this country last year paid the 10-cent tax; 97¾ per cent was uncolored and paid the one-fourth cent tax. On the same basis of production 97¾ per cent of the product would pay the increased tax of 1¾ cents per pound under the Underwood amendment. The effect would inevitably be to increase the cost to the consumer to this extent. The specious argument that the measure lowers the price of the poor man's butter is thus disposed of. The tax is really increased 700 per cent on 97¾ per cent of the product and reduced on but 2¼ per cent. We must in this connection not forget that with restrictions on color removed or loosened the inevitable result would be that the "poor man's butter" would sell at approximate butter prices.

In this connection a recently established fact is important. It has heretofore been supposed that there was little real difference in food value between real butter and the imitation. It has been a common misapprehension that "fat is fat." Recent careful investigations at the Connecticut and Wisconsin Experiment Stations have clearly proved that butter has a very decidedly greater food value than other animal or vegetable fats. In other words, it is now known that butter "not only yields energy and heat like other fats, but contains something more vital than other fats—a principle which, like proteids, supplies the elements necessary for growth and life itself." This fact probably explains the serious effect of the lack of butter in Germany, where milk is now reserved for use of infants and invalids.

The agricultural significance of this proposal is evidenced by the fact that the Grange, Farmers' Union, Farmers' National Congress, and every important State and National farmers' organization have repeatedly gone on record against any similar change in the oleomargarine law. Among organizations actively opposed to such legislation is the Alabama State Live Stock Association, the most active organization of farmers in the State, which Senator UNDERWOOD in this case certainly misrepresents.

Here, as in all previous efforts in this direction, the interest of southerners is sought under the utterly false assertion that margarine manufacture requires large quantities of a southern product—cottonseed oil. The Ruralist has repeatedly exposed the source and falsity of such claims. It is the use of cottonseed oil in other packing-house products which really interests southern oil men. This accounts for their servility to the packing-house interests. Again southerners are playing "Puss" to the packers' "Jocko."

Mr. SIMMONS. Mr. President, I shall at present, at least, offer no further amendments to the bill on behalf of the committee.

Mr. SMOOT. Mr. President, some of the committee amendments have not been agreed to.

Mr. SIMMONS. I stated that on behalf of the committee I would not offer the amendments at this time, at least.

Mr. SMOOT. Well, Mr. President, I want to call the Senator's attention to the fact that there are some very important amendments to the bill offered by the committee, and there is a part of the bill that ought to be discussed now. It seems to me the proper way to do would be to dispose of those committee amendments at this time.

Mr. SIMMONS. But I am not offering those on behalf of the committee at this time. I may not offer them at all. At this time I am not offering them on behalf of the committee.

Mr. SMOOT. Does the Senator mean to say——

Mr. SIMMONS. I have no objection to any discussion of them. Any other Senator can offer them if he desires to do so.

Mr. SMOOT. Does the Senator mean to say that he will offer committee amendments only after 8 o'clock, at a time when no discussion will be in order?

Mr. SIMMONS. No; I do not mean to say anything of that sort. I shall offer no further committee amendments at this time. Of course, I understand that the amendments that are embraced in the bill as printed will probably be offered, if they are offered at all, before 8 o'clock.

Mr. SMOOT. Of course, the only amendments that I desire to discuss at all are the committee amendments.

Mr. SIMMONS. The Senator can offer them himself if he desires, and discuss them.

Mr. SMOOT. No; I am opposed to the amendments, and I certainly would not offer them.

Mr. SIMMONS. Mr. President, I shall not offer them at this time for the committee.

Mr. NORRIS. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER (Mr. HITCHCOCK in the chair). The amendment will be stated.

The SECRETARY. It is proposed to amend the bill by adding, at the end thereof, a new title, as follows:

TITLE VI.

SEC. 600. On the first Monday in December, 1917, and annually thereafter, the Secretary of the Treasury shall transmit to Congress a state-

ment giving a detailed estimate of the revenue of the Government for the ensuing fiscal year to be derived under then existing laws, other than this title, from all sources except from borrowed money.

SEC. 601. Whenever the appropriations for any fiscal year, made before the 1st day of November in any fiscal year, are in excess of the revenues for such fiscal year as estimated in the statement provided for in section 600 of this title, there shall, in addition to all taxes under then existing laws, be levied, assessed, collected, and paid upon the entire net income received from all sources in the calendar year in which such fiscal year begins, by every individual citizen or resident of the United States and by every corporation, joint-stock company or association, or insurance company organized in the United States, no matter how created or organized, but not including partnerships, a tax of one-fourth of 1 per cent of such income if such excess of appropriations over estimated revenues is $25,000,000 or less; of one-half of 1 per cent of such income if such excess is more than $25,000,000 but not more than $50,000,000; of three-fourths of 1 per cent of such income if such excess is more than $50,000,000 but not more than $75,000,000; and of 1 per cent of such income if such excess is more than $75,000,000. All the provisions of Title I of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, are made to apply to the taxes imposed by this section. In the case of individuals, corporations, joint-stock companies or associations, or insurance companies making returns of income for the purposes of the taxes imposed by such act no additional return shall be necessary as to such income, and the tax imposed by this section shall be assessed and collected upon such returns.

SEC. 602. Whenever appropriations for any fiscal year are in excess of the estimated revenues for such fiscal year it shall be the duty of the President, on or before the first Monday in December in the fiscal year for which such appropriations are made, to issue his proclamation, stating (a) the amount of such excess and (b) the rate of tax required by section 601 of this title to be imposed, and thereupon the tax imposed by section 601 of this title shall be levied, assessed, collected, and paid as hereinbefore provided.

SEC. 603. Whenever the revenues for any fiscal year, as estimated in the statement provided for in section 600 of this title, are in excess of the appropriations for such fiscal year, the normal income tax upon the net income of individuals and the income tax upon the net income of corporations, joint-stock companies or associations, and insurance companies, required by the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, to be levied, assessed, collected, and paid upon such net income received in the calendar year in which such fiscal year begins shall be 1¾ per cent instead of 2 per cent if such excess of estimated revenues over appropriations is more than $25,000,000 but not more than $50,000,000; 1½ per cent instead of 2 per cent if such excess is more than $50,000,000 but not more than $75,000,000; 1¼ per cent instead of 2 per cent if such excess is more than $75,000,000 but not more than $100,000,000; and 1 per cent instead of 2 per cent if such excess is more than $100,000,000.

All the provisions of Title I of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, are made to apply to the tax imposed by this section. In the case of individuals, corporations, joint-stock companies or associations, or insurance companies making returns of income for the purpose of the tax imposed by such act, no additional return shall be necessary as to such income and the tax imposed by this section shall be assessed and collected upon such returns.

SEC. 604. That whenever such estimated revenues are in excess of such appropriations by more than $25,000,000 it shall be the duty of the President, on or before the first Monday in December in the fiscal year for which such appropriations are made, to issue his proclamation, stating (a) the amount of such excess and (b) the tax required by section 603 of this title to be levied, assessed, collected, and paid upon the net income received in the calendar year in which such proclamation is issued instead of the tax under such act of September 8, 1916, and thereupon the tax imposed by section 603 of this title shall be levied, assessed, collected, and paid as herein provided.

SEC. 605. In ascertaining the amount of appropriations for any fiscal year, for the purposes of this title, there shall be deducted an amount equal to the estimated amount to be derived from the sale of bonds, the sale of which during such fiscal year only is specifically authorized, and the proceeds of which are specifically required to be used only for the purpose of meeting expenditures authorized by the appropriations for such year. There shall be deducted also from such estimated revenues all such amounts as may be set aside by law or by any lawful order of the President or the Secretary of the Treasury as a sinking fund to meet the interest or principal of any bonded indebtedness of the United States.

Mr. NORRIS. Mr. President, I am not going to detain the Senate very long in explanation of this amendment. Those who have followed the reading of the amendment will probably need no further explanation of it.

In brief, it provides that the Secretary of the Treasury shall every year issue an official estimate of the income under the existing revenue laws. Then, when Congress convenes and makes appropriations, if those appropriations exceed the estimated income of the Government from the laws then in force by $25,000,000 or less, then it shall be the duty of the President to issue his proclamation, and the income tax provided for by law, which everybody has to return between January 1 and March 1 for the calendar year preceding, shall be automatically increased by one-fourth of 1 per cent—that is, the normal income tax. If the appropriations of Congress exceed the revenues by more than $25,000,000 but less than $50,000,000, then the increase of the income tax which automatically takes place is one-half of 1 per cent. If the appropriations of Congress exceed the income by $75,000,000, then the increase of the income tax for the calendar year beginning during that fiscal year is increased three-fourths of 1 per cent; and if the appropriations exceed the revenues of the Government by $100,000,000 or more, then the normal income tax is increased by 1 per cent.

The amendment also provides for a reduction of the normal income tax in case Congress has been economical and the appropriations are less than the income of the Government. The normal income tax, as you all know, being 2 per cent, if the appropriations of Congress are $25,000,000 less than the income of the Government, then the normal income tax is decreased by one-quarter of 1 per cent, making it 1¾ per cent. If the appropriations of Congress are fifty millions less than the income of the Government, then the normal income tax is decreased one-half of 1 per cent; if seventy-five millions, then three-fourths of 1 per cent; and if one hundred millions or more, then the normal income tax is decreased 1 per cent, and it becomes 1 per cent for that year instead of 2 per cent.

Mr. President, it seems to me that the provisions of this amendment offer to the country and to Congress a premium for economy. If Congress appropriates more money than the income of the Government lawfully levied under existing law, then there is no way to operate the Government except by issuing bonds or going in debt. If Congress is economical and saves money, then automatically the taxes go down. If it is extravagant, automatically the tax goes up.

It seems to me that this would be an insurance against so-called "pork-barrel" legislation. The Member of Congress who goes home having obtained some local appropriation of Federal funds for some locality, for the digging out of some useless harbor or ditch, can not go before his people and claim great credit for it, because it will at once be known that if that kind of an appropriation, together with others, increases the expenditures of the Government beyond the income the people are going to pay additional taxes on their incomes; and, on the other hand, if Congress is economical, and makes appropriations that are less than the income of the Government, the taxes automatically go down.

It is in the nature of a budget system. It is a step in that direction. We will have an official statement from the Treasury of the United States telling us what the income is going to be. That is, or should be, our guiding star. If we appropriate more money than that income, we are automatically increasing the taxes of the people. We do that indirectly now, of course; but, as has been so often said, people do not find it out and do not realize it until it is too late. But here comes an automatic provision of law that as soon as Congress adjourns, on the 1st of November or before, the President issues his proclamation setting forth what the income tax is going to be for that calendar year, the returns of which must be made between the 1st of January and the 1st of March of the next calendar year. Everybody in the United States at once knows whether the appropriations of Congress have been within the revenues of the Congress or whether our expenditures are more or less than our income.

That is all there is in this amendment—nothing more and nothing less. It gives a premium for economy. The action of the law is automatic. Personally I can not see any objection to it, and I sincerely trust that the Senator from North Carolina will permit the amendment to go on the bill. It is a step I think toward the budget system, which everybody agrees would be a good thing. At least it will put up a signboard where all the people of the country can read whether we have had an extravagant or economical Congress, whether we have had one that stayed within the income of the Government or had gone beyond it, and we give credit to that Congress for lowering the taxes of the people or raising them, as the case may be, whether they are economical or extravagant.

Mr. BRADY. Mr. President——

Mr. NORRIS. I yield to the Senator from Idaho.

Mr. BRADY. I notice on the first page that the amendment uses the language "but not including partnerships." What is the purpose of that exception?

Mr. NORRIS. I will explain that to the Senator. I am very much obliged to him for asking the question. In drawing this amendment I have followed the existing law. I will state to the Senator why I used, in line 10, page 2, the words "but not including partnerships." I have excluded partnerships because partnerships are excluded in the law in the same way that I exclude them here. They are taxed otherwise. In other words, if I did not do that this amendment would not coincide with the act of September 8, 1916, to which I make reference all the way through. I have a copy here of the income-tax law. I think the Senator and everybody else will agree at once that it would be unwise to undertake to change that law or even to bring into debate a change of the law of that kind.

Mr. BRADY. The Senator's object, then, is to follow the existing law?

Mr. NORRIS. I follow the existing law with the exception that I provide machinery by which the tax in the existing law

on persons and the corporations tax may be raised and lowered automatically, according to the appropriations of the Government.

Mr. BRADY. May I ask the Senator another question relative to the merits of the amendment? I have favored all laws that have been passed in the way of income-tax laws since I have been in the Senate, but it seems to me that this reaches rather far. The Senator, who always presents a matter in a very forceful and intelligent manner, has not been able to convince me by his argument that it would not place us in a position where Congress might create extravagance rather than prevent extravagance, and we are all very desirous of preventing it.

I notice the amendment says that this excess tax shall be paid by individual citizens, by every corporation, joint-stock company or association, or insurance company organized in the United States, no matter how created. Would it not be possible for Congress to be controlled by those who do not pay any individual income tax, and if so controlled, might it not be very possible that in future years, the great mass of citizens of the United States not having any particular interest in the increase or decrease of the budget, Members of Congress would be induced to increase and might see fit to increase the budget simply for the reason that the great number of their constituents would not have to pay any of the bills?

Mr. NORRIS. I will be glad to answer the Senator in my own way. In the first place, let me say to the Senator if this amendment is not agreed to the same objection to the existing law stands along the line he has suggested. Suppose we do not adopt this amendment, there is a possibility now that the people who do not pay any tax will control Congress. That is not changed by this amendment. The people who are taxed are no different under this amendment than without it. There is no change in the taxation of anybody by this amendment, except as to the amount. The Senator must admit that in a large number of corporations the influence of the individuals who do pay an income tax, aggregating millions if this amendment were agreed to, would always be for economy in appropriations.

Mr. BRADY. There is no question about that.

Mr. NORRIS. I did not think best to include anybody else because that would change the existing law about the income tax. I want to make as little change as possible.

Mr. KENYON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Iowa?

Mr. NORRIS. If the Senator from Idaho is satisfied, I am ready to yield to the Senator from Iowa.

Mr. KENYON. I was going to make this suggestion: The class of people who would pay the income tax would have no power to reduce appropriations; they form a small percentage of the people; but, the great mass of the people being the other way, the amendment of the Senator might work exactly opposite from what he expects. As long as the few are going to pay to make up the appropriations, a good many might think it is all right to go ahead with the appropriations now. If all had to pay their part of the taxes, then they would commence to investigate and see where their money is going, and these outrageous appropriations would be curtailed.

Mr. NORRIS. That might be.

Mr. KENYON. I am not opposing the Senator's proposition, if I can understand it.

Mr. NORRIS. I do not reach everybody in this amendment. I reach, however, everybody who pays an income tax under the existing law. As I said to the Senator from Idaho, suppose we do not adopt this amendment, the objection the Senator makes applies, then, to everybody. You can not tax them any more, and you can not tax them any less; it is perfectly stationary, and you have no influence for or against extravagance. But if you adopt this amendment you at least have all the influence of the thousands and thousands of people who do pay an income tax. It includes the Senator himself; it includes all of us who are here; it includes everybody, whether directly as an individual or through the instrumentalities of a corporation. That means millions of people who pay taxes, and we get their influence in favor of economy.

The objection the Senator makes to this amendment does not seem to me to be good, because it exists now, and I only lessen that objection by adding this amendment to it. I give some influence to millions of people and no one will deny their power. I put them in a position where they will be interested in economy on the part of the Government, and where they are going to be told every year by a proclamation of the President of the United States whether their Congress has been economical or not.

Mr. BRADY. But does not the Senator think that that information should be conveyed to every citizen of the United States?

Mr. NORRIS. It is.

Mr. BRADY. Whether a taxpayer or not a taxpayer?

Mr. NORRIS. That is done by this amendment.

Mr. BRADY. Whether he is a large taxpayer or whether he is a small taxpayer?

Mr. NORRIS. It is conveyed by a proclamation of the President.

Mr. BRADY. But that proclamation only affects the men who pay an income tax or a corporation tax. It does not affect the large majority of people who do not pay an income tax. What we desire to do, and what in my judgment we should do, is in some way to bring to the knowledge of every individual in the Nation the extravagance being practiced by Congress.

Mr. NORRIS. We will bring that knowledge to everybody, whether he pays a tax or not, although it may not affect him financially. I think the Senator from Idaho and the Senator from Iowa, in the intimation at least contained in their questions, go on this theory, "Let us not have anybody looking after Congress." I do not expect by this amendment to cover all the evils of congressional legislation. It is not intended to cover everything; but they object to it and say, "We would rather have nothing than to have the combined influence of every individual who is interested in a corporation and who pays an income tax, and every individual who pays a normal income tax, in favor of economy." If, in other words, we do not have this amendment we are in a much worse predicament, it seems to me, than the amendment would put us in.

The amendment does not reach everything, as I said, and it may not go far enough, but at least it is a step in a direction toward publicity of extravagance and economy in legislation.

Mr. BRADY. My only objection is that it does not go far enough. I believe if the amendment is going to be adopted it should include every individual who pays a tax, whether it be large or small, or whether the tax be derived from incomes or by direct taxation.

Mr. NORRIS. How could the Senator make it apply to an internal-revenue tax, for instance?

Mr. BRADY. You may not make it apply to internal-revenue taxes by name, but you can make it apply to every individual in the United States who pays a tax.

Mr. NORRIS. How would you make it apply to them?

Mr. BRADY. By having it so arranged that it will include everyone taxed. There is no question that when we make an appropriation we increase the taxes on every human being who pays taxes, whether it be a corporation or an individual who pays an income tax or the average man who has a moderate tax to pay on his home.

Mr. NORRIS. Of course, the Federal Government does not levy a tax on land or anything of that kind. If, for instance, the Senator wished to include the internal-revenue tax, I would not have any objection to it if he could draft an amendment that would cover it, but how would you do it? Take oleomargarine. We have been discussing that for several days. There is a certain tax on oleomargarine. We might include that tax; but we would have to run through the entire schedule of taxation by the Government, and that would be a bill twenty-five times longer and larger than the one we have before us. We know that would bring in here a debate that would last until July. But there is a bill before the Senate now that deals with a particular law. All through it has reference to a particular law, and that particular law provides for certain income taxes. I have said in this amendment that we will automatically increase or lower those taxes accordingly as Congress may be extravagant or economical.

Mr. BRADY. Permit me to interrupt the Senator right at that point.

Mr. NORRIS. Certainly.

Mr. BRADY. That is the very explanation I desired the Senator to make. If his amendment has in view the fact that we are only dealing with incomes at the present moment, with the short time allowed us to discuss this phase of the question, as we have to vote to-night, that is a satisfactory explanation; but at the same time it seems to me if we are going to pass this legislation, if not at the present time at some future time we should pass a law that would cause the taxes on every individual in the United States to be raised or lowered according to the appropriations of Congress.

Mr. NORRIS. That would be a very good thing.

Mr. BRADY. Then we would have every voter in the United States and every taxpayer in the United States interested in what we are doing. In this instance only a very small per

cent of the taxpayers are interested, and we are asking them to stand as guardians over the 90 per cent who are not included in this measure. It seems to me we are giving them a rather big job that we ought to assume ourselves.

Mr. NORRIS. What the Senator says in a great measure is true, but when I offered this amendment I offered it not as a complete remedy for everything but as one step. It is not logical, it seems to me, for a Senator to say because it does not go far enough and increase everybody's taxes and lower everybody's taxes as Congress is extravagant or economical, therefore we should go on in the same old way. In theory it would be the best thing in the world if we could adopt an amendment that would do what the Senator from Idaho said; and I am not saying that such an amendment could not be drafted; but it would have to affect everybody who pays internal-revenue taxes, it would have to probably affect the tariff schedules from one end to the other, and then would come a debate at once between the believers in different doctrines of the tariff as to whether it was a tax or whether it was not, and whether it ought to be increased or decreased, so that we would be up against an endless proposition. We could not expect to get that on this bill. We could not ask the Senator from North Carolina to consider it in conference because it would be an overwhelming burden. It would be a greater labor and take more time than the revision of the entire tariff schedules.

I have confined it to the people who pay an income tax and to corporations that pay an income tax, because the law that we are amending, to which the bill pertains and makes reference, applies only to that class of people and to that statute. Therefore, let me say to the Senator from Idaho, while I agree fully with him that what he suggests it would be desirable to accomplish and would be a good thing and would be the complete step, this is one step, he must admit, and one step in the right direction.

If we do not have this amendment, then all the people who are affected by the amendment have no more interest in extravagance and economy than any other citizens; but the moment we adopt it we have an army of people, thousands of them, millions of them, whose taxes are going to be directly affected in such a way that they can see it. We will have a proclamation of the President of the United States upon the adjournment of Congress, and that proclamation will say whether or not there is going to be in the returns that must be made for the next calendar year an increase or decrease of the income tax of corporations and individuals. That will go to everybody. If Congress has been extravagant and the income tax has been increased, you will have, first of all, this army of people complaining all over the United States, condemning Congress for its extravagance. You will have the proclamation of the President of the United States, issued officially, that will be read by everybody, whether they pay taxes or not. It will come directly to their notice. They will know whether they have had an extravagant Congress or an economical Congress, and will therefore be influenced that much more than they are now, because it will be brought directly home to them. It will be in the platforms of men who are candidates for the House and for the Senate. Their records will be shown as to whether they had assisted in bringing on the extravagance or whether they had assisted in bringing on economy, whether they had increased or lowered the taxes.

Mr. BRADY. May I say to the Senator that, while I think the amendment does not go far enough and cover enough ground to make it really beneficial, yet I think its adoption would have a powerful influence in reducing the expenses of the Government and avoiding the extravagance of Congress in appropriations.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. NORRIS. I will ask the Senator from North Carolina if he will not be willing to take this amendment into conference. I know there have not been many Senators here to hear the debate, and I dislike to have a roll call and have it voted on by those who were not here but who would come in and be inclined to follow the committee.

Mr. SIMMONS. I regret very much that I can not comply with the request of the Senator from Nebraska. I hope, Mr. President, that the amendment will not prevail.

Mr. NORRIS. I ask for the yeas and nays on it.

Mr. KENYON. I make the point of no quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Beckham	Hughes	Overman	Smith, Ga.
Borah	Husting	Page	Smith, Md.
Brady	James	Penrose	Smoot
Catron	Johnson, S. Dak.	Poindexter	Thomas
Chamberlain	Jones	Pomerene	Tillman
Chilton	Kenyon	Ransdell	Townsend
Cummins	Lane	Reed	Underwood
Curtis	Lee, Md.	Robinson	Vardaman
du Pont	McCumber	Saulsbury	Walsh
Fernald	Martine, N. J.	Shafroth	Watson
Fletcher	Nelson	Sheppard	Weeks
Gronna	Norris	Sherman	
Hardwick	O'Gorman	Shields	
Hitchcock	Oliver	Simmons	

The PRESIDING OFFICER. Fifty-three Senators have answered to their names. There is a quorum present. The question is on agreeing to the amendment of the Senator from Nebraska.

Mr. NORRIS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). I have a general pair with the Senator from New Mexico [Mr. FALL], which I transfer to the Senator from Oklahoma [Mr. GORE] and vote "nay."

Mr. CURTIS (when his name was called). I have a pair with the Senator from Georgia [Mr. HARDWICK] and withhold my vote.

The roll call was concluded.

Mr. O'GORMAN. I have a general pair with the senior Senator from New Hampshire [Mr. GALLINGER]. In his absence I withhold my vote.

Mr. MYERS. Has the Senator from Connecticut [Mr. McLEAN] voted?

The PRESIDING OFFICER. He has not.

Mr. MYERS. I have a pair with that Senator, and in his absence I withhold my vote.

Mr. HOLLIS. Has the junior Senator from New York [Mr. WADSWORTH] voted?

The PRESIDING OFFICER. He has not.

Mr. HOLLIS. I have a pair with that Senator and withhold my vote.

Mr. VARDAMAN. I desire to inquire if the junior Senator from Idaho [Mr. BRADY] has voted?

The PRESIDING OFFICER. He has not.

Mr. VARDAMAN. I have a pair with that Senator and withhold my vote.

Mr. CLARK. Has the senior Senator from Missouri [Mr. STONE] voted?

The PRESIDING OFFICER. He has not.

Mr. CLARK. I have a general pair with the senior Senator from Missouri, and withhold my vote.

Mr. STERLING. I have a pair with the Senator from South Carolina [Mr. SMITH] and therefore withhold my vote.

Mr. GRONNA. I have a general pair with the senior Senator from Maine [Mr. JOHNSON]. I will transfer that pair to the Senator from California [Mr. WORKS] and vote "yea."

Mr. CATRON. I am paired with the Senator from Oklahoma [Mr. OWEN]. If I were at liberty to vote, I would vote "yea."

Mr. HOLLIS. I transfer my pair with the Senator from New York [Mr. WADSWORTH] to the Senator from Arizona [Mr. SMITH] and vote "nay."

Mr. STONE. I transfer my pair with the Senator from Wyoming [Mr. CLARK] to the Senator from Indiana [Mr. KERN] and vote "nay."

The result was announced—yeas 11, nays 52, as follows:

YEAS—11.

Borah	Jones	Lane	Townsend
Clapp	Kenyon	Norris	Watson
Gronna	La Follette	Poindexter	

NAYS—52.

Beckham	Hollis	Page	Smith, Md.
Brandegee	Hughes	Penrose	Smith, Mich.
Bryan	Husting	Pittman	Smoot
Chamberlain	James	Pomerene	Stone
Chilton	Johnson, S. Dak.	Ransdell	Sutherland
Culberson	Lea, Tenn.	Reed	Swanson
Dillingham	Lee, Md.	Robinson	Thomas
du Pont	Lippitt	Shafroth	Thompson
Fernald	Lodge	Sheppard	Tillman
Fletcher	McCumber	Sherman	Underwood
Harding	Martin, Va.	Shields	Walsh
Hardwick	Nelson	Simmons	Weeks
Hitchcock	Oliver	Smith, Ga.	Williams

NOT VOTING—33.

Ashurst	Clark	Gallinger	Kirby
Bankhead	Colt	Goff	Lewis
Brady	Cummins	Gore	McLean
Broussard	Curtis	Johnson, Me.	Martine, N. J.
Catron	Fall	Kern	Myers

Newlands	Phelan	Sterling	Works
O'Gorman	Saulsbury	Vardaman	
Overman	Smith, Ariz.	Wadsworth	
Owen	Smith, S. C.	Warren	

So Mr. NORRIS's amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I have introduced a number of amendments to the pending bill. If I may have the attention of the chairman of the committee, I will say that the amendments which I have had printed, with notice that I intended to offer them to this bill, are 11 in number; but they are related one to the other in such a way that I intend to ask unanimous consent that they be considered and voted upon en bloc. That will expedite the business of the Senate; and all the amendments really should be considered and voted upon together, I think, if that is agreeable to the Senator from North Carolina and to other Senators.

Mr. SIMMONS. That is perfectly agreeable to me.

Mr. LA FOLLETTE. I will send the amendments to the Secretary's desk and ask that they be read.

The PRESIDING OFFICER. The Secretary will read the proposed amendments.

The Secretary proceeded to read the amendments, but was interrupted by—

Mr. BRANDEGEE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. SHAFROTH in the chair). The Senator from Connecticut will state it.

Mr. BRANDEGEE. I desire to understand whether or not unanimous consent has been obtained that the amendments which are now being stated shall be voted upon en bloc? I did not hear the question put.

The PRESIDING OFFICER. The consent of the chairman of the committee, the Senator from North Carolina [Mr. SIMMONS] was granted to the request, but the Chair does not know whether or not unanimous consent was granted by the Senate.

Mr. BRANDEGEE. I understood the Senator from Wisconsin [Mr. LA FOLLETTE] to ask unanimous consent that these amendments, inasmuch as they were interrelated, should be voted upon en bloc. I may, however, be mistaken about that.

The PRESIDING OFFICER. The present occupant of the chair does not know whether or not the question was put to the Senate.

Mr. BRANDEGEE. I may be mistaken, but I understood the Senator from Wisconsin to ask unanimous consent that the amendments be voted upon en bloc. I did not, however, hear the Chair put the question on the request. I thought it was wise to understand what had been done, one way or the other.

The PRESIDING OFFICER. Is there objection to considering the amendments all together?

Mr. BRANDEGEE. Not only considering them all together, but voting upon them en bloc.

The PRESIDING OFFICER. And voting upon all of them together?

Mr. OLIVER. Mr. President, inasmuch as the Senator from Wisconsin [Mr. LA FOLLETTE], who offered the amendments, is not now present, I think it might be well to suspend action on the request until he returns.

Mr. BRANDEGEE. The Senator from Wisconsin is now on the floor. I was inquiring whether the Senator from Wisconsin had asked unanimous consent for action upon all these amendments en bloc, and whether or not unanimous consent had been granted to the request? I did not hear the Chair put the request.

Mr. LA FOLLETTE. The request has not been formally put.

Mr. BRANDEGEE. I simply wanted to get the situation cleared up and to understand exactly what it was.

Mr. LA FOLLETTE. I preferred to defer the request until after the amendments were read, because I thought Senators would then be in a better position to judge as to whether or not they wanted to grant the request.

Mr. BRANDEGEE. Very well.

Mr. SIMMONS. Did I understand the Senator to say that he understood the unanimous consent had been granted?

Mr. LA FOLLETTE. No; I did not say that. I addressed myself especially to the Senator from North Carolina, to learn whether or not he would interpose an objection to the amendments being considered en bloc. I suppose, Mr. President, voting upon these amendments is really a matter of form anyway, as is the voting upon all amendments to this bill; but as the amendments are interrelated, I think they should all be voted upon together. I, perhaps, ought to offer them as a substitute to the pending bill, in connection with parts of the bill which are retained, but I have not done so. I will, therefore, prefer the request that they be voted on en bloc. I know that other Senators have amendments which they will desire to offer, and it will expedite the consideration of all amendments if the 11 amendments which I offer can be disposed of at one time.

Mr. JONES. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. JONES. Would not the Senator from Wisconsin have the right to offer all these amendments as one amendment, if he saw fit to do so?

The PRESIDING OFFICER. The Senator from Wisconsin asks unanimous consent to do so.

Mr. LA FOLLETTE. I have asked unanimous consent to do so.

Mr. JONES. But can the Senator from Wisconsin not do that without unanimous consent? Can he not offer them as one amendment if he desires to do so?

Mr. LA FOLLETTE. Mr. President, I prefer, first, to have the amendments read, and then I shall prefer the request.

The Secretary resumed and concluded the reading of the amendments proposed by Mr. LA FOLLETTE, which are as follows:

Add, after line 21, page 2 of the bill, a new section, to be numbered section 2, and to read as follows:

"SEC. 2. That section 1 of the act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"'SEC. 1. (a) That there shall be levied, assessed, collected, and paid annually upon the entire net income received in the preceding calendar year from all sources by every individual a citizen or resident of the United States a tax of 1 per cent upon the amount of such income if the income does not exceed $10,000; 2 per cent upon the amount of such income if the income exceeds $10,000 and does not exceed $20,000; 3 per cent upon the amount of such income if the income exceeds $20,000 and does not exceed $30,000; 4 per cent upon the amount of such income if the income exceeds $30,000 and does not exceed $75,000; 7 per cent upon the amount of such income if the income exceeds $40,000 and does not exceed $50,000; 6 per cent upon the amount of such income if the income exceeds $50,000 and does not exceed $75,000; 7 per cent upon the amount of such income if the income exceeds $75,000 and does not exceed $100,000; 8 per cent upon the amount of such income if the income exceeds $100,000 and does not exceed $150,000; 9 per cent upon the amount of such income if the income exceeds $150,000 and does not exceed $200,000; 10 per cent upon the amount of such income if the income exceeds $200,000 and does not exceed $250,000; 11 per cent upon the amount of such income if the income exceeds $250,000 and does not exceed $300,000; 12 per cent upon the amount of such income if the income exceeds $300,000 and does not exceed $400,000; 13 per cent upon the amount of such income if the income exceeds $400,000 and does not exceed $500,000; 14 per cent upon the amount of such income if the income exceeds $500,000 and does not exceed $600,000; 15 per cent upon the amount of such income if the income exceeds $600,000 and does not exceed $700,000; 16 per cent upon the amount of such income if the income exceeds $700,000 and does not exceed $800,000; 17 per cent upon the amount of such income if the income exceeds $800,000 and does not exceed $900,000; 18 per cent upon the amount of such income if the income exceeds $900,000 and does not exceed $1,000,000; 19 per cent upon the amount of such income if the income exceeds $1,000,000 and does not exceed $2,000,000; 20 per cent upon the amount of such income if the income exceeds $2,000,000 and does not exceed $3,000,000; 21 per cent upon the amount of such income if the income exceeds $3,000,000 and does not exceed $4,000,000; 22 per cent upon the amount of such income if the income exceeds $4,000,000 and does not exceed $5,000,000; 23 per cent upon the amount of such income if the income exceeds $5,000,000 and does not exceed $6,000,000; 24 per cent upon the amount of such income if the income exceeds $6,000,000 and does not exceed $7,000,000; 25 per cent upon the amount of such income if the income exceeds $7,000,000.

"'(b) A like tax shall be levied, assessed, collected, and paid annually upon the entire net income received in the preceding calendar year from all sources within the United States by every individual a nonresident alien, including interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise.

"'(c) For the purpose of the income tax there shall be included an income the income derived from dividends on the capital stock or from the net earnings of any corporation, joint-stock company or association, or insurance company, except that in the case of nonresident aliens such income derived from the sources without the United States shall not be included.

"'(d) The foregoing tax rates shall apply to the entire net income, except as hereinafter provided, received by every taxable person in the calendar year 1917 and in each calendar year thereafter.'"

Add a new section to the bill, to be inserted before title 11, page 2, and which section shall read as follows:

"SEC. 3. That section 5 of the act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916, be, and the same is hereby, amended by striking out clauses (b) and (c) of said section."

Add a new section to the bill to be inserted before title 11, page 2, and which section shall read as follows:

"SEC. 4. That section 7, paragraph (a), of the act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"'SEC. 7. (a) That for the purpose of the normal tax only, there shall be allowed as an exemption in the nature of a deduction from the amount of the net income of each of said persons, ascertained as provided herein, the sum of $3,000, plus $1,000 additional if the person making the return be a head of a family or a married man with a wife living with him, or plus the sum of $1,000 additional if the person making the return be a married woman with a husband living with her; but in no event shall this additional exemption of $1,000 be deducted by both a husband and a wife: *Provided*, That only one deduction of $4,000 shall be made from the aggregate income of both husband and wife when living together: *Provided further*, That guardians or trustees shall be allowed to make this personal exemption as to income derived from the property of which such guardian or trustee has charge in favor of each ward or cestui que trust: *Provided further*, That in no event shall a ward or cestui que trust be allowed a greater personal exemption than $3,000, or, if married, $4,000, as provided in this paragraph, from the amount of net income received from all

sources. There shall also be allowed an exemption from the amount of the net income of estates of deceased persons during the period of administration or settlement, and of trust or other estates the income of which is not distributed annually or regularly under the provisions of paragraph (b), section 2, the sum of $3,000, including such deductions are are allowed under section 5: *Provided further*, That the above exemption shall apply only to incomes the net annual amount of which does not exceed $10,000.'"

Strike out all of section 300, beginning with line 24, page 7, down to and including line 2, page 9, of the bill and insert:

"SEC. 201. That the income tax (hereinafter in this title referred to as to the tax) on individuals provided for in section 1 of this act shall be levied, assessed, collected, and paid upon the value of the net estate, to be determined as provided in section 203, upon the transfer of the net estate of every decedent dying after the passage of this act, whether a resident or nonresident of the United States."

Add, on page 9, after line 7, of said bill, a new section to read as follows:

"SEC. 302. That section 4 of the act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"'SEC. 4. The following income shall be exempt from the provisions of this title:

"'The proceeds of life insurance policies paid to individual beneficiaries upon the death of the insured; the amount received by the insured, as a return of premium or premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon the surrender of the contract; interest upon the obligations of a State or any political subdivision thereof or upon the obligations of the United States or its possessions or securities issued under the provisions of the Federal farm-loan act of July 17, 1916; the compensation of the present President of the United States during the term for which he has been elected, and the judges of the Supreme and inferior courts of the United States now in office, and the compensation of all officers and employees of a State, or any political subdivision thereof, except when such compensation is paid by the United States Government.'"

Add on page 9, after line 7, of said bill, a new section to read as follows:

"SEC. 303. That section 203 of the act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"'SEC. 203. That for the purpose of the tax the value of the net estate shall be determined—

"'(a) In the case of a resident, by deducting from the value of the gross estate—

"'Such amounts for funeral expenses, administration expenses, claims against the estate, unpaid mortgages, losses incurred during the settlement of the estate arising from fires, storms, shipwreck, or other casualty, and from theft, when such losses are not compensated for by insurance or otherwise, support during the settlement of the estate of those dependent upon the decedent, and such other charges against the estate, as are allowed by the laws of the jurisdiction, whether within or without the United States, under which the estate is being administered; and

"'(b) In the case of a nonresident, by deducting from the value of that part of his gross estate which at the time of his death is situated in the United States that proportion of the deductions specified in paragraph (1) of subdivision (a) of this section which the value of such part bears to the value of his entire gross estate, wherever situated. But no deductions shall be allowed in the case of a nonresident unless the executor includes in the return required to be filed under section 205 the value at the time of his death of that part of the gross estate of the nonresident not situated in the United States.

"'(c) If the net value of an estate after making the deductions allowed under clauses (a) and (b) of this section does not exceed $50,000, such estate shall be exempt from the tax provided for in section 201, if left to a widow or minor children.'"

Strike out section 400, beginning on page 9, line 9, and ending on page 11, line 4.

On page 15 of said bill, after line 2, add a new section to be known as section 29, and to read as follows:

"SEC. 29. Amend paragraph (b) of section 14 of the act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916, to read as follows:

"'(b) When the assessment shall be made, as provided in this title, the returns, together with any corrections thereof which may have been made by the commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such: *Provided*, That the proper officers of any State imposing a general income tax may, upon the request of the governor thereof, have access to said returns or to an abstract thereof, showing the name and income of each such corporation, joint-stock company or association, or insurance company, at such times and in such manner as the Secretary of the Treasury may perscribe.'"

On page 15 of said bill, after line 2, add a new section to be known as section 30, and to read as follows:

"SEC. 30. Amend section 3167 of the Revised Statutes of the United States, as amended by section 16 of the act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916, by adding thereto a new paragraph to read as follows:

"'*Provided*, That there shall be open to public inspection at the office of the collectors of internal revenue a list or lists, setting forth the net amount of taxable incomes and taxes paid thereon by every individual in their respective districts, and that copies of such lists shall likewise be open to public inspection at the office of the Commissioner of Internal Revenue at Washington, D. C.'"

Amend by adding a new section, to be inserted after line 2, page 15, of the bill, to read as follows:

"SEC. 31. That paragraph (b) of section 8 of an act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"'(b) On or before the 1st day of March, 1917, and on the 1st day of March in each year thereafter, a true and accurate return under oath shall be made by each person of lawful age, except as hereinafter provided, having a gross income of $3,000 or over for the taxable year to the collector of internal revenue for the district in which such person has his legal residence or principal place of business, or if there be no legal residence or place of business in the United States, then with the collector of internal revenue at Baltimore, Md., in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, setting forth specifically the gross amount of income from all separate sources, and from the total thereof deducting the aggregate items of allowances herein authorized: *Provided*, That the Commissioner of Internal Revenue shall have authority to grant a reasonable extension of time, in meritorious cases, for filing returns of income by persons residing or traveling abroad who are required to make and file returns of income and who are unable to file said returns on or before March 1 of each year: *Provided further*, That the aforesaid return may be made by an agent when by reason of illness, absence, or nonresidence the person liable for said return is unable to make and render the same, the agent assuming the responsibility of making the return and incurring penalties provided for erroneous, false, or fraudulent return.'"

Amend by adding a new section to be inserted after line 2, page 15 of the bill, to read as follows:

"SEC. 32. That paragraph 3 of section 12 (a) of the act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"'Third. The amount of interest paid within the year on its current indebtedness, such as short-term notes, payable within a period not exceeding three years from the date of issue, and the like, but not interest paid on bonds and similar forms of long-term indebtedness: *Provided*, That in the case of bonds or other indebtedness, which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed, or any other tax paid pursuant to such guaranty, shall be allowed; and in the case of a bank, banking association, loan or trust company, interest paid within the year on deposits or on moneys received for investment and secured by interest-bearing certificates of indebtedness issued by such bank, banking association, loan or trust company.'"

And paragraph (b) 3, of section 12 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"Third. The amount of interest paid within the year on its current indebtedness, such as short-term notes, payable within a period not exceeding three years from the date of issue, and the like, incurred in the maintenance and operation of its business and property within the United States, but not interest paid on bonds and similar forms of long-term indebtedness: *Provided*, That in the case of bonds or other indebtedness which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed or any other tax paid pursuant to such guaranty shall be allowed; and in case of a bank, banking association, loan or trust company, or branch thereof, interest paid within the year on deposits by or on moneys received for investment from either citizens or residents of the United States and secured by interest-bearing certificates of indebtedness issued by such bank, banking association, loan or trust company, or branch thereof."

After the reading of the amendment,

Mr. LA FOLLETTE. Mr. President——

Mr. SMOOT. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Borah	Husting	Oliver	Smoot
Brandegee	James	Page	Sterling
Catron	Johnson, S. Dak.	Penrose	Sutherland
Chamberlain	Jones	Poindexter	Swanson
Chilton	Kenyon	Pomerene	Thomas
Clapp	Kirby	Ransdell	Thompson
Clark	La Follette	Robinson	Tillman
Culberson	Lane	Saulsbury	Townsend
Cummins	Lea, Tenn	Shafroth	Vardaman
Curtis	Lewis	Sheppard	Wadsworth
Dillingham	Lippitt	Shields	Watson
Fernald	Lodge	Simmons	Weeks
Gronna	Martine, N. J.	Smith, Ga.	Williams
Harding	Norris	Smith, Md.	Works
Hughes	O'Gorman	Smith, Mich.	

Mr. ROBINSON. I desire to announce that the Senator from Virginia [Mr. MARTIN], the Senator from Oregon [Mr. CHAMBERLAIN], the Senator from North Carolina [Mr. OVERMAN], the Senator from Alabama [Mr. UNDERWOOD], and the Senator from Wyoming [Mr. WARREN] are absent from the Chamber on the business of the Senate.

The PRESIDING OFFICER. Fifty-nine Senators have answered to their names. A quorum is present.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that the amendments which I have offered be voted upon en bloc. I do not see the Senator from Nebraska [Mr. NORRIS] present. He requested a separate vote upon the amendment requiring publicity in income-tax returns, and I will except that from the request which I make.

The PRESIDING OFFICER. Is there objection to the request made by the Senator from Wisconsin? The Chair hears none.

Mr. LA FOLLETTE. Mr. President, in just a word I can state the substance of these amendments and their purpose, and I do that before proceeding to criticize the pending bill.

These amendments are drawn with the design of securing enough revenue without resorting to the excess profits tax—the tax upon business, which will be passed on to the consumers, and, in the last analysis, be a consumption tax; and also to do away with the authorization to issue $100,000,000 new bonds and to sell $222,000,000 Panama Canal bonds.

These amendments do not touch that portion of the bill authorizing an issue of bonds to meet the Spanish-American War bonds, which will be due in 1918, or the authorization to issue $500,000,000 short-term certificates of indebtedness to meet im-

mediate and pressing Treasury needs pending the time when the additional taxes provided herein shall be collected.

These amendments in themselves furnish a means by which all of the needed revenue can be secured. They not only change features of the pending bill, but also sections of the existing law which are not touched in the pending bill. These amendments, embodying as they do a complete scheme for raising revenue without the tax on business and the bond issue, should be voted on en bloc.

First, Mr. President, the amendments propose a revision of the income-tax rates on individuals so as to afford an additional revenue of $100,000,000.

Second, the amendments discontinue the exemption from taxation of income derived from dividends of corporations, estimated to produce additional revenue of $100,000,000.

These amendments revise the estate tax, the tax upon inheritances, and if adopted would produce an additional $100,000,000 in revenue.

They discontinue the exemption of interest paid on bonds from payment of the tax on the net income of corporations, estimated to produce additional revenues of from twenty millions to one hundred millions.

They provide for publicity of income-tax returns and to compel the making of returns of gross income in all cases where income is in excess of $3,000, which changes in administration are estimated to produce additional revenue of $250,000,000, making in all a total of from $570,000,000 to $650,000,000 additional revenue.

Mr. President, I regret that no member of the majority of the Committee on Finance, which formulated this bill in secret session—that majority which gave the Republican representatives on that committee, of which I am a member, no opportunity to be heard—will even now, at this late stage in the consideration of this bill, accord to a member of that committee any hearing.

I am glad to see that since I started that sentence there have come upon the floor two members of the committee.

Mr. THOMAS. Mr. President, I wish to apologize to the Senator for my absence. I was called out of the Chamber by a gentleman who wanted to see me on business.

Mr. LA FOLLETTE. I have no doubt, Mr. President, that other members of the committee will indulge me with their presence here; because, sir, I am making no factious opposition to this bill. This is the first moment of time that I have asked for any attention from the Senate upon this bill.

Mr. ROBINSON. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Arkansas?

Mr. LA FOLLETTE. Surely.

Mr. ROBINSON. The Senator has stated that he proposes to raise, I believe, $300,000,000 additional revenue by increases upon the income tax relating to individuals and by an increase of the corporation tax and the inheritance tax. How does the Senator arrive at the amount which would be obtained by his amendments?

Mr. LA FOLLETTE. Well, Mr. President, I can not state my entire argument here in just a sentence.

Mr. ROBINSON. No; I understand that.

Mr. LA FOLLETTE. If the Senator would do me the very great honor to listen to me for a little period of time, I think he will arrive at an understanding of my position.

Mr. ROBINSON. But, Mr. President, I am listening to the Senator, and have been from the time he started his remarks.

Mr. LA FOLLETTE. I have been speaking only about a minute.

Mr. ROBINSON. If the Senator does not care to be questioned, very well. I merely wanted to ask the Senator whether the statement that he made in that connection was based upon an estimate from the Treasury?

Mr. LA FOLLETTE. No; it is not based upon an estimate from the Treasury.

Mr. ROBINSON. Does the Senator care to say where he gets his estimates?

Mr. LA FOLLETTE. Mr. President, the estimates are made as the result of an investigation by highly competent economic and statistical ability furnished me at my request by the Finance Committee. I employed one of the best economists and statisticians of the country, and every estimate which I furnish to the Senate will be based upon the results of his investigation.

Mr. ROBINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin further yield to the Senator from Arkansas?

Mr. LA FOLLETTE. Well, Mr. President, I ask to be permitted at least to lay the foundation for my argument before I am subjected to interruption.

Mr. ROBINSON. Will the Senator yield for just a brief statement?

Mr. LA FOLLETTE. I will; certainly.

Mr. ROBINSON. I hope the Senator from Wisconsin understands that I neither controvert the correctness of his statement, nor desire to do so. I merely wanted to know the sources of his information in that respect, and I hope the Senator does not find that inquiry offensive to him. I certainly did not make it in any such spirit.

The PRESIDING OFFICER. The Senator from Wisconsin will proceed.

Mr. LA FOLLETTE. It is in no spirit of partisanship that I criticize the revenue bill now before the Senate, but in the hope and belief that the majority is open to argument and will accept amendments to the measure calculated to improve it without encroaching upon any of the tenets, political or economic, of the majority party.

I can not conceive that the Democratic Party will contend that the issue of bonds to meet current expenses is a cardinal principle of Democratic policy. I take it that when we are asked to increase our interest-bearing debt, which to-day amounts to $1,000,000,000 in round figures, by the enormous amount equal to one-third of that total at one stroke, in a time of peace, when the country is enjoying in many of its industrial and commercial activities the greatest prosperity in its history, that nothng but inability to find other sources has prompted our friends on the other side of the Chamber to take that step. The amendments which I intend to offer to the bill are designed to obviate that step, but before explaining these amendments I feel that I must convince the Senate beyond the peradventure of a doubt of the glaring defects of the bill, to demonstrate as I hope to the satisfaction of even the sponsors of the bill that its chief feature designed for production of revenue, namely, the excess profits tax, is doomed to failure, and that a bond measure calling for an increase of our debt by $322,000,000 is vicious in the extreme.

In its report to the Senate the Finance Committee reproduces the report of the Ways and Means Committee of the House, which states, among other things, the following:

> In the opinion of your committee—

Now, I quote from the House committee report—

> In the opinion of your committee it is an unwise and unsound policy to issue bonds to meet current expenditures of the Government, and it believes that we should pay as we go.

With this statement of the committee, I am in hearty accord. The President has publicly indorsed the policy of paying as we go, and has frowned upon the issuing of bonds unless the reasons for it were imperative.

Throughout the country the movement for the pay-as-you-go policy is gathering irresistible force, and State legislatures as well as municipalities are curtailing the former vicious policy of meeting all kinds of expenditures by the issuing of bonds.

The great city of New York, which has a bonded debt as large as that of the Government of the United States, and a budget exceeding $200,000,000 per annum, has now adopted the pay-as-you-go policy, and has established a rule that bonds are to be issued only for municipal undertakings of a profitable character, such as subways, docks, waterworks, and so forth, the income from which would pay for the interest on the bonds and for a sinking fund for the gradual retirement of the principal.

In line with this policy, the Ways and Means Committee and the Finance Committee believe that they are justified in recommending a bond issue in this case "to meet expenditures for permanent improvements, in the nature of permanent investments, such as the construction of the Alaskan Railway, the construction of the armor-plate plant, and the purchase of the Danish West Indies."

As to the first two items, the Alaska Railway and the armor-plate plant, I agree that a bond issue might be justified, although the amount involved for the two is insignificant as compared with the cost of the construction of the Panama Canal, most of which we met out of current expenditures. While the report of the Finance Committee credits the item of the Alaska Railway with $35,000,000, which is the full amount which the construction of the railway is estimated to require the appropriation bill, I note, provides only $10,500,000. This would make a total appropriation for profitable enterprises as follows:

Alaska Railway	$10,500,000
Armor-plate plant	11,000,000
Nitrate plant	20,000,000
Total	41,500,000

None of the other items, such as the mobilization of the Army on the Mexican border or the extraordinary appropriations for the Army and Navy, can be regarded as profitable investments by any stretch of imagination, and they are not enterprises which will yield revenue which can be set aside for the ultimate redemption of the bonds. As the committee so well stated in its report of August 16, 1916, in connection with the then pending revenue bill—and I quote from that report—

In meeting the extraordinary expenditures for the Army and Navy our revenue system should be more equitably balanced and a larger portion of our necessary revenues collected from the incomes and inheritances of those deriving the most benefit and protection from the Government.

Mr. President, I am going to read that again. It is the declaration of the committee of the Democratic majority, made in its report on the revenue bill presented to the House August 16, 1916. I read again:

In meeting the extraordinary expenditures for the Army and Navy our revenue system should be more equitably balanced and a larger portion of our necessary revenues collected from the incomes and inheritances of those deriving the most benefit and protection from the Government.

Why this sudden departure from the admirable principle laid down by the Ways and Means Committee of the House and the Finance Committee of the Senate only eight short months ago? Has the financial condition of the country generally, and of those "deriving the most benefit and protection from the Government" particularly, undergone a change for the worse since this statement was submitted to Congress?

But let us look into the facts. According to the report of the New York Journal of Commerce—a conservative paper, which caters exclusively to the business interests of New York City—the surplus wealth accumulated in the last two years was sufficient to enable our well-to-do classes to pay back over $2,000,000,000 worth of American securities formerly held abroad and to loan to foreign countries $2,500,000,000, making a total of $4,500,000,000; in addition to that, the investment in domestic enterprises, measured by new securities issued for enterprises the capitalization of which exceeds $1,000,000 each, was in excess of $3,500,000,000, making a total of new investments for the two years in excess of $8,000,000,000.

Stupendous as these figures of accumulated wealth may appear, they are more than confirmed by the meager data published by the Bureau of Internal Revenue. According to the report of that bureau for 1916, the 1 per cent tax on the income of corporations amounted to $56,993,657, or practically $57,000,000, showing a net income of corporations equal to $5,700,000,000 in 1915, before the golden tide reached its height in 1916.

The sum of $5,700,000,000 represents the net income of corporations for one year, after allowing not only for operating expenses but also for interest paid on bonds. As to the total amount of bonds, we have no exact information, but we can get some approximate idea by comparing the respective amounts of stock and bonds issued by our railroads and some of the largest industrial companies.

The railroads have bonds outstanding exceeding $11,566,000,000 as against over $20,000,000,000 of capital stock.

The United States Steel Corporation has $868,000,000 par value in stocks and $627,000,000 in bonds.

The United States Rubber Co. has $96,000,000 of capital stock and $20,000,000 of bonds.

The International Paper Co. has $40,000,000 in stock and $15,000,000 in bonds.

While these figures are not necessarily conclusive as showing the ratio of stocks and bonds of other industrial concerns, it is safe to assume that the total bonded indebtedness of the various corporations of the country is large enough to yield to the owners of the bonds an income probably half as large as the income from stocks, or at least $2,500,000,000, making the total income of the owners of corporations for one year, 1915, in the neighborhood of $8,000,000,000, and this was still larger in 1916.

This by no means represents the total income derived from many lines of profitable business activities, for it does not include the income earned by partnerships, among which will be found not only a large number of medium-sized and small business concerns, but some of the largest banking institutions in the country, like J. P. Morgan & Co., Kuhn, Loeb & Co., Speyer & Co., Seligman & Co., and hundreds whose incomes run into many millions of dollars.

I hold in my hand a clipping from the New York Times of the 13th of this month giving an account of a little family quarrel among the stockholders of the Bethlehem Steel Co. over the question of bestowing bonus gifts in the shape of new stock of 200 per cent upon the lucky owners of the choice stock as a step in increasing its capitalization from $30,000,000 to $75,000,000. Of this issue of $45,000,000 of new stock $30,000,000 was to be given to the holders of the Bethlehem steel common as a 200 per cent stock dividend. Fifteen million dollars was to be sold to the public, and the directors justified their action on the ground that after having declared this 200 per cent stock dividend, and paid a 30 per cent annual dividend, there still remained in the treasury of the company $39,370,198 in excess of all liabilities. In other words, they still had on hand more than twice the original capitalization in cash. And it is no secret that the original capitalization did not represent a dollar in cash for every dollar in stock issued.

I send to the desk this account of the family gathering and ask to have it read.

The PRESIDING OFFICER. The Secretary will read as requested.

The Secretary reads as follows:

BETHLEHEM TO FIGHT FOR LARGER CAPITAL—CORPORATION OPPOSES ORDER RESTRAINING SHAREHOLDERS FROM TAKING ACTION—CASE UP IN NEWARK TO-DAY—VICE CHANCELLOR LANE MAKES ORDER RETURNABLE SATURDAY—STOCKHOLDERS MEET TO-MORROW.

In the chancery court in Newark to-day the Bethlehem Steel Corporation will be represented by counsel to ask for the dismissal of a temporary restraining order to prevent the stockholders' meeting, which will be held to-morrow, from increasing the capitalization from $30,000,000 to $75,000,000. The restraining order was obtained by certain stockholders last week, and Vice Chancellor Lane at Trenton yesterday made the order returnable next Saturday.

The application for the order was made by counsel of the General Investment Co., a corporation of Maine, which holds 100 shares of the steel corporation's common stock. The order restrains the stockholders from taking any action on the proposed increase of the steel corporation's capitalization. In the application for the order the corporation was named as well as all the members of the board of directors and the brokerage firm of J. & W. Seligman & Co., of Manhattan, which was to underwrite the new project of the steel corporation.

It is set forth by the steel corporation that because of its business prosperity $69,370,198 is now on hand in excess of all liabilities, and that in the issuance of the new stock, to be known as class B, the intent was to deprive this stock of any voting power, and to devote $30,000,000 of the new stock as a bonus gift of 200 per cent to the holders of $15,000,000 of existing common stock. It was also planned to have the remaining $15,000,000 distributed through the Seligman firm, with a clause that if the plan was unsuccessful the brokerage firm was to receive $225,000, and if successful $450,000 plus 2 per cent of the total amount of value of purchased stock.

According to the plaintiff stockholders the plan of the corporation permits the control to remain in the hands of the present directorate and that there is no provision in the law for the issuing of such stock. It is also set forth that there is no precedent for the creation of a nonvoting stock issue. There is strong objections made to the bonuses or commissions to the brokerage concern. The plaintiffs take the ground that under the existing conditions the stock can be disposed of without such expensive preliminary operation contemplated by the Bethlehem corporation.

Attached to the complaint is a statement issued by the Bethlehem corporation concerning its financial condition, which says that at the beginning of the present year the orders on hand amounted to $193,500,000. Of this $117,500,000 was for domestic business and the balance for export. Export orders amounted to $17,500,000 worth of steel bars and $58,500,000 worth of guns and munitions.

Mr. LA FOLLETTE. Mr. President, a report in the New York Times of the 14th instant, the day following the publication of the Bethlehem report, concerns the du Pont Co., and shows a net profit for the year 1916 equal to $82,000,000, as against only $57,000,000 in the preceding year; dividends distributed to common stockholders were $58,854,200, equal to 100 per cent on the outstanding shares, as against only 30 per cent in 1915. After passing around this juicy slice to stockholders, the company has $19,598,820 left on hand, which it carried to its surplus account.

Mr. VARDAMAN. If it will not interrupt the Senator's argument, I should like to ask him if he can state what percentage of this profit was made out of war contracts.

Mr. LA FOLLETTE. Mr. President, these excessive profits are all the result of war contracts. Bethlehem Steel stock, prior to the beginning of the European war, sold at something like $30 to $40 a share. Under the impetus of huge war profits it went to over $600 a share, and to-day, after this great watering, this stock is quoted at $125. Since the war began all the munition plants, although not in like proportion but approaching it, have shared in the prosperity that has come from the bloody business in which they are engaged.

Mr. President, this bill is a bill entitled "A bill to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and for the extension of fortifications." All these expenses have been brought upon the Government as a result of agitation growing out of conditions upon the other side.

Mr. VARDAMAN. That accounts probably for the activity of the stockholders in the concerns that have profited out of this bloody orgy in Europe in associations for instruction in patriotism and other like organizations.

Mr. LA FOLLETTE. Oh, yes, Mr. President, patriotism with profit attached to it is a mighty engaging business for a portion of the population of the United States at this time.

Mr. THOMAS. It is a pretty expensive business to the rest of us.

Mr. LA FOLLETTE. Yes; as suggested by the Senator from Colorado, a member of the Committee on Finance, it is a pretty expensive business for the rest of the country.

Now, Mr. President, resuming the discussion in which I was engaged when diverted, a report from the New York Times of February 21 shows that the Pittsburgh Plate Glass Co. earned $6,886,188, or more than three times as much as in the preceding year, and charged off for depreciation $912,502, or $370,000 more than the preceding year, after which it added $2,500,000 to its surplus.

Truly, Mr. President, these be prosperous times for certain of our good citizens.

The New York Times of February 20 published a report with respect to the Pacific Mail Steamship Co.—that same company which solemnly declared to Congress and the public that the seamen's act would spell ruin to the shipping interests of the country in general and of this company in particular. It even went to the length of saying it would discontinue the Pacific business, and when Andrew Furuseth characterized this as sheer bluff, the company proceeded to give color to its assertion by disposing of its largest steamers, the *Mongolia*, *Siberia*, *Korea*, and *China*. To whom?

To whom did the Pacific Mail sell those ships? To the foreign interests, such as the British or the Japanese, who we were assured are bound to drive the American flag from the seas because of the lower wages they can impose upon their seamen? Did the Pacific Mail sell to them because they are on a lower level, owing to their cheaper wages to seamen, than was imposed upon the Pacific Mail by the seamen's law? Oh, no. They disposed of these boats to the American International Corporation, another American concern, with which the Pacific Mail recently went into partnership. And after disposing of its trans-Pacific steamers, the company has managed to earn 83 per cent upon its investments during the past year, compared with only 30 per cent during the previous year. These earnings came entirely from its Panama service.

That the Pacific Mail Co. still thinks well of the trans-Pacific service is shown by the fact that after disposing of its vessels to the American International Corporation, it has purchased the vessels, *Venezuela*, *Colombia*, and *Ecuador*, and resumed its trans-Pacific service. Moreover, it has made an investment by the purchase of the New York Ship Building Plant at Camden, N. J., in partnership with the American International Corporation, the International Mercantile Marine, and W. R. Grace & Co., for the purpose, says President Baldwin of the company in his annual report, of obtaining "the right to have constructed for its use a certain tonnage per annum of ships for its accommodation under very favorable terms. Aside from this feature, which is of paramount importance at the present, it is expected that the investment will prove to be a profitable one."

These are only a few illustrations taken from a few of the papers of the current month. Hardly a day passes when the daily press does not publish such reports, and I could take considerable time if I choose, to present excerpts from these reports on the floor of the Senate.

And while the treasuries of these companies are choked with surplus gold, for which they can find no use in their own business, the common people, with labor never more in demand than now, with wages at high-water mark, are groaning under the burden of high prices, which make their "high wages" a delusion and a mockery.

The bread riots in New York and Philadelphia should have their admonition for us in this hour. They are more serious than anything of like character that has occurred in this country in other times of distress and of unemployment.

I read from the New York Times, a paper which no one will accuse of excessive tenderness for the poor. A few fragmentary extracts will show the character of the demonstrations.

Here is a description of hundreds of people crowding City Hall Square, who managed to squeeze in there against the efforts of the police, who had succeeded in driving off thousands of others.

The Times says——

The PRESIDING OFFICER. The Senate will be in order. The Senator will proceed.

Mr. LA FOLLETTE. Now, this is the account the New York Times gives, and I read only just a few lines taken from that account of the bread riot that occurred over there in New York City the other day:

Practically every woman was shouting, "We want food!" "Give us bread!" "Feed our children!" and similar cries. Tears were streaming down the faces of many. The babies in arms increased the uproar with their wails, and for a time no one who attempted to address the throng could be heard.

When the representatives of the mayor addressed the crowd Mrs. Harris, one of the women, replied. And this is what the New York Times says she said:

We do not want to make trouble. We are good Americans, and we simply want the mayor to make the prices go down. If there is a law fixing prices, we want him to enforce it; and if there isn't, we appeal to him to get one. We are starving; our children are starving. But we don't want any riot. We want to soften the hearts of the millionaires who are getting richer because of the high prices. We are not an organization. We haven't got any politics. We are just mothers, and we want food for our children. Won't you give us food?

Is it fair, is it just, at a time when a perfect glut of wealth is falling in the laps of the favored few, and such dire want on the part of the many to saddle this and future generations with a public debt of $322,000,000, which would increase fully by a third our present debt which is an accumulation of generations? But if the leaders of the Democratic Party think it well to build up a record of this kind theirs will be the responsibility before the people when the day of reckoning comes.

And it will come. It will come, if it be not now, but it will come.

For my part I propose to vote against this measure and to point out other ways more equitable, more fair, and more sound for meeting our current expenditures.

It may be urged by the sponsors of the bill that it is proposed to raise a large part of the additional revenue, namely, $226,000,000, by additional taxation of the prosperous business concerns through the excess profits tax. As to this measure I believe the Finance Committee is building its foundation on shifting sands, for the reason that its excess profits tax is based upon the return measured by the rate of profit on the capital invested, which is not so easy to determine as may appear at first sight.

I waive for the time being, Mr. President, the question of whether all this excess profits tax could not be evaded by the great corporations upon whom it is proposed to levy it, though I think I shall be able to show absolutely and unquestionably that it will be evaded; that these corporations have the easiest and readiest means in their hands for its evasion; that you can not enforce it. But even if that were not so, if it could be enforced, it will be passed on to the great mass of the people of this country in the form of higher prices for everything they buy. So, sir, alleged tax on the excess profits of the corporations of the country who have made money out of this business for which you have imposed this excessive burden of taxation upon the American people will be evaded by the corporations, and they will hand it on to the people, who, in some of the great industrial centers where these great business institutions have their homes, are to-day clamoring for the bare necessities of life.

Mr. President, let us consider what an attempt to enforce the provisions of this bill will entail upon the Government. Let us understand what it involves. On page 4, line 15, the bill provides—

That for the purpose of this title, actual capital invested means, first, actual cash paid in.

That is, where these corporations were formed—

Second—

Now listen to this. This is what this bill imposes upon the Government if it is to get any money from these corporations.

Second. The actual cash value * * * at the time such assets were transferred to the corporation or partnership.

The actual cash value of the assets. I am going to take that up in detail, and am going down through the organization of the United States Steel Co. and the Standard Oil Co., and see where we shall come out in our attempt to ascertain the actual cash value of the assets that were transferred to these corporations when they were organized.

Third. Paid in or earned surplus and undivided profits used or employed in the business.

I see I must hasten, Mr. President. To begin with, if each of the three items could be readily ascertained, it would mean in a great many cases that plants were bought or built many years ago which have greatly depreciated since, as all manufacturing plants do, would be valued for the purpose of this provision at their original full value without any allowance for depreciation. Do you not see that? What is the provision requiring that? I now read it from the bill:

Their actual cash value * * * at the time such assets were transferred to the corporation or partnership.

Whether the depreciation has been written off the books or not the law prescribes that the Commissioner of Internal Revenue must take them at "their actual cash value * * * at the time such assets were transferred to the corporation or partnership."

If a corporation has for any reason allowed the plant to run down greatly, preferring with an eye on the stock exchange ticker, to disperse the profits in the shape of big dividends, rather than to invest part of them in the upkeep of the plants, it will be credited for the purpose of this tax with the full value originally paid for the plant. If on the other hand certain other corporations have kept up the plant in good condition, they will be credited not only with the original value of the plant but also with the cost of all the subsequent improvements, since these latter will be entered upon the books of such companies as "assets." In either case, the cash value of the assets of the company will be greatly swelled over and above their actual worth. But this is the least of the difficulties which the Commissioner of Internal Revenue will encounter in the administration of this part of the law.

The tax applies to all the corporations and partnerships in the country. In 1916 the Bureau of Internal Revenue received returns from 366,443 corporations. How large the number of partnerships is, we can not tell. In all probability it also runs into the hundreds of thousands. The magnitude of the task involved in ascertaining the value of the assets of this multitude of business concerns in every line of industry, trade, and finance is so great as to be almost appalling.

It is impossible of any enforcement. Any comprehension of the provision of this law should have warned those who framed it that its enforcement could be nothing less than a mere pretense.

Perhaps the following will give some approximate idea of what it will involve. With all other corporations and partnerships this tax will also apply to railroads. In order to ascertain the true value of the physical assets of the railroad companies alone we have had to create a special organization, having a little army of experts attached to it, who are not expected to complete their task in less than 10 years, at a cost of millions of dollars. In order properly to carry out this provision of the law alone the little force in the corporation tax division of the Bureau of Internal Revenue would have to complete in a few months, in the first place, a work which the valuation commission is trying to accomplish in 10 years with respect to the railroads of the country, and in addition to that have to ascertain the value of all of the manufacturing plants, shipping concerns, shipbuilding yards, mining companies, mercantile establishments, wholesale and retail, in every corporation and copartnership engaged in any kind of business in the country, or else the provisions of this proposed law are a mere pretense.

You have either to find the actual cash value of these plants when they were turned over to the present corporations or violate the provisions of this bill. If you undertake to find that value you are embarking upon an economic investigation which in magnitude is infinitely greater than the monumental work in which the Interstate Commerce Commission is now engaged, and that is the greatest undertaking of the kind in the history of the world. This work would include the valuation of all railroads and all industrial concerns, business concerns, and copartnerships in the United States.

Mr. President, either those who framed this bill have no economic conception of the work here laid out or else this is but a trick upon the American people.

But, sir, we can not trifle with the matter of taxation that reaches down into the life of the American people as does no other activity of government without ultimately having a day of reckoning. It will come, and it will come quickly. A year, two years, a little space of time will be enough to demonstrate the utter folly, to say nothing of the rank and wicked injustice, of attempting to meet this so-called preparedness program in the manner here proposed.

I myself characterize it not as a preparedness program but a program for war which has been imposed upon the American people and not sanctioned by them. The Congress that without justification voted to double the military and naval expenditures of the United States in a single year was not elected upon that issue. They did not reflect the will of their constituents. I say that because it was my privilege to go to the people of my State for reelection in November, and I made my campaign in good old Wisconsin on my opposition to this particular work of the last session of Congress. I talked it out, and I came back here, sir, with a majority, if I may be permitted to mention it, of something like 118,000. There was no issue in that campaign that I made that I so kept before the people as that issue—the wanton, reckless, needless, criminal expenditure of the people's money in the passage of the naval and the military appropriation bill.

Mr. President, I do not wish to arrogate to myself any undue or unusual amount of wisdom, but I stood on the floor of the Senate months before the election of 1916 took place in November, and I said to Senators across the aisle that if they elected their President they would reelect him in the West, because he had saved this country from war; and, Mr. President, he would have been hopelessly and utterly defeated except for the fact that he had up to the time of the election steered the craft of state clear of the shoals of war.

Sir, the people of this country did not pass on what you did with regard to the Army and Navy appropriations of the last session of Congress. It is assumed in the report of the committee that brings this bill in, it is assumed in the discussion of this bill by Senators upon the other side of the Chamber, from the chairman of the Finance Committee down, that this bill is to provide money, the expenditure of which the people of this country have approved. I venture to say, Mr. President, that that is not so. It is wholly mistaking the result of the election of 1916 to put that interpretation upon it. The only thing that saved Woodrow Wilson in that campaign was the Western States, that by a vote of 99 out of every 100 would decide against war. They voted for him because he had up to that time kept us out of war. They did not vote in approval of the appropriation bills passed by Congress. I dare say that in very few States was that issue presented. It was presented in the State of Wisconsin, because I had taken a stand against these appropriations upon this floor, and I did not propose that so important a matter in my record should be glossed over. So I took up that record, and I took up the tariff record also, let me say to my friends on this side, because I have departed from the company over here on that issue and made the campaign upon these two great questions. The result of that campaign overwhelmingly set the seal of disapproval, at least of the people of that State, against these immense appropriations.

Now, Mr. President, coming back to the bill, I was discussing the utter impossibility of the Government's carrying out the provisions of this bill as framed. How is this force in the Bureau of Internal Revenue to proceed to obtain "the actual cash value of assets"—and I am quoting these words from the bill—"the actual cash value of assets at the time such assets were transferred to the corporation or partnership"?

There is not a man here who knows anything about business but who knows that this imposes an absolutely impossible task upon the force in the Internal-Revenue Bureau of the Treasury Department. We have had a very large body of experts, organized under the direction of the Interstate Commerce Commission, grappling with that branch of the requirements of the valuation of railroad property at the time the railroads were organized; and I know something of the difficulties which they have encountered. I am disclosing no secrets when I say that they have found it exceedingly difficult to get at the value of the property of the railroads at the time they were organized; and yet this bill imposes upon this little bureau down here in the Treasury Department the obligation not only with reference to the railroads but with regard to all the business organizations in this country of ascertaining the actual cash value of the assets at the time the assets were transferred to the corporation or partnership. It is impossible of execution by any such bureau; it is impossible of execution excepting with the organization of a great army of experts. Then, Senators, they will be driven to the recourse, in the case where the records of those corporations have been obliterated or destroyed, of ascertaining the value of the corporate property by ascertaining historically the value of like property. In no other way can it be ascertained. That is entering upon a field of investigation so wide that when you contemplate the agency here provided to be employed in its execution it becomes worse than farcical; worse than grotesque. It is at once a contradiction of the very terms of the bill.

Mr. President, I repeat just these words in order to get my connection: How is this force in the Bureau of Internal Revenue to proceed to obtain "the actual cash value of assets at the time such assets were transferred to the corporation or partnership"? It would baffle the skill of the most expert appraisers to establish the value of a plant 10, 15, or 20 years old. At best, it would be an estimate. We know, however, that the Corporation Division of the Bureau of Internal Revenue employs no expert appraisers or appraisers of any kind, and that an estimate based on a physical examination of the plant is out of the question.

The agents of the bureau would therefore have to do what? Ah, Mr. President, here is the mouse in the meal; here is the African in the woodpile. The agents of the bureau would therefore have to fall back on the books of the different concerns, kept in all kinds of fashion.

But is the situation more hopeful as respecting the larger concerns? Take the United States Steel Corporation—the

largest of them all—as an illustration. At the time of its organization—in other words, "at the time such assets were transferred to the corporation," to use the language of the bill—it absorbed the following constituent concerns.

Mr. President, I have here a half-page of quotations taken from Moody's Analyses of Investments, relied upon by every stockbroker in Wall Street as a reliable financial record.

The following statement shows the constituent companies which with their property were taken over by the United States Steel Corporation. Its mere reading is a suggestion of the labor imposed by this bill upon the Bureau of Internal Revenue if there is to be an honest enforcement of this law.

The following statement is taken from Moody's Analyses of Investments. Public Utilities, and Industrials, 1915, page 1304:

UNITED STATES STEEL CORPORATION.

"Acquired practically all of the capital stocks of the Federal Steel Co., National Tube Co., American Steel & Wire Co., National Steel Co., American Tin Plate Co., American Steel Hoop Co., American Steel Co., American Bridge Co., Lake Superior Consolidated Iron Mines, Shelby Steel Tube Co., and Carnegie Steel Co. Also controls the Illinois Steel Co., Universal Portland Cement Co., Lorain Steel Co., Union Steel Co., Clairton Steel Co., Tennessee Coal, Iron & Railroad Co., Oliver Iron Mining Co., Pittsburgh Steamship Co., Sharon Plate Co., H. C. Frick Coke Co., Hecla Coke Co., Great Western Mining Co., Schoen Steel Wheel Co., Indiana Steel Co., Gary Land Co., and numerous other companies. The subsidiary companies have 125 blast furnaces, 33 Bessemer converters, 275 open-hearth furnaces, 44 blooming, large billet or slabbing mills, 15 small billet or sheet-bar mills, 9 rail mills, 9 universal-plate mills, 11 sheared-plate mills, 13 structural-shape mills, 23 wire-rod mills, 15 skelp mills, 77 merchant mills, 235 hot mills, 189 sheet, jobbing, and plate mills, 10 piercing and rolling mills for seamless tubing, 21 wire-drawing mills, 14 nail mills, 15 barbed and woven fence departments, 3 spring works, 5 rope and electrical works, 52 welding-pipe furnaces, 3 seamless-tube mills, 16 tin-plate mills, 20 bridge and structural plants, 28 galvanizing departments, 8 tinning departments, 4 splice-bar and rail-joint shops, 5 spike, bolt, or nut factories, 5 departments for cold-rolled products, 23 iron, steel, or brass foundries, 11 sulphate of iron plants, 5 cement plants, 71 warehouses, and 26 miscellaneous works. The subsidiary companies own 11 developed iron-ore mines in the Marquette Range, 10 in the Menominee Range, 1 in the Baraboo Range, 16 in the Gogebic Range, 5 in the Vermillion Range, and 32 in the Mesaba Range in the Lake Superior ore range, of which 22 are inactive at the present time; also 17 mine openings in the Red Mountain Range, Ala., 3 in the Alabama Brown Ore pockets, and 2 in the Georgia Brown Ore pockets. The subsidiary companies also own 134,400 acres of coking coal lands, 94,511 acres of steam coal, and 24,217 acres of surface coal in the northern fields and 179,155 acres of mineral interests and surface-coal territory, 145,865 acres of mineral interests only and 10,120 acres of surface only in the southern coal and coke territory. Also owns water-supply plants in the Connellsville coke regions, a natural-gas property in Pennsylvania and West Virginia, forwarding ore docks on Lake Superior, receiving ore docks on Lake Michigan and Lake Erie, etc.

"The United States Steel Corporation, through its subsidiary companies, also controls the following railroad properties: Duluth & Iron Range Railroad; Duluth, Missabe & Northern Railway; Elgin, Joliet & Eastern Railway; Chicago, Lake Shore & Eastern Railway; Bessemer & Lake Erie Railroad; Birmingham Southern Railroad; Union Railroad; Pittsburgh & Ohio Valley Railway; Northern Liberties Railway; Etna & Montrose Railroad; St. Clair Terminal Railroad; Donora Southern Railroad; McKeesport Connecting Railroad; McKeesport Terminal Railroad; Connellsville & Monongahela Railway; Youghiogheny Northern Railway; Johnstown & Stonycreek Railroad; Benwood & Wheeling Connecting Railway; Mercer Valley Railroad; Newburgh & South Railway; Lake Terminal Railroad; Elwood, Anderson & Lapelle Railroad; Waukegan & Mississippi Valley Railway; Pencoyd & Philadelphia Railroad; Interstate Transfer Railway; and Spirit Lake Transfer Railway. The foregoing roads have a total of 976.32 miles of main line and a total trackage of 3,515.88 miles."

Mr. President, it is the business of the Internal-Revenue Bureau of the Treasury Department to do what? It is their business to ascertain the actual value of all of the property of these several companies on a cash basis at the time such assets were transferred to the United States Steel Corporation. They can not take their present value. If they take their book value, they know perfectly well that they are taking a fictitious value. They are required by the terms of this law to get the actual cash value of all of these separate companies at the time such assets were transferred to the corporation. Mr. President, it is an undertaking that would require the employment of the very best talent that this country can furnish in order to accomplish it.

An enumeration of the properties of these concerns, or of the operating companies controlled by these concerns, fills eight closely printed pages of John Moody's book, The Truth About the Trusts, pages 142 to 149.

I am very much tempted to send the book to the desk to be read by the clerk, for the mere reading of the dry list of the names of the properties would better than any other method convey a vivid impression to the Senate of the magnitude of the task that would confront any body of investigators attempting to determine the actual cash value of the assets of this one industrial concern—the United States Steel Corporation—at the time such assets were transferred to the corporation. Out of regard for the valued time of the Senate, I shall refrain from doing so.

It is manifest that it would be impossible for them to even attempt the task. The only other recourse would be to take the value as given on the books of the company.

Mr. THOMAS. Mr. President, if it will not interrupt the Senator——

Mr. LA FOLLETTE. It will not.

Mr. THOMAS. May I not suggest that there will be a basis of valuation, perhaps, in the returns for State taxation of these companies for the year in which they obtained the assets, which, as the Senator knows, are always, by corporations and individuals alike, made as low as possible?

Mr. LA FOLLETTE. Mr. President, the difficulty with that, as it occurs to me now just offhand, would be that these corporations that were brought into this organization were each of them organized combinations which had undergone a process, only on a smaller scale, exactly like this process of the United States Steel Corporation, and that each one of them was composed of an aggregation of the competing companies in the particular line of business in which the plants owned by corporations had been taken over, constituting, for instance, the National Tube Co., constituting the Structural Steel Co., and so on.

Mr. THOMAS. That is true, Mr. President; but it is to be assumed that each of these concerns, either during the year it was transferred to the large holding company, or by the company itself after the transfer, was listed for local taxation; and, of course, the valuation which was then placed upon the property by the State authorities for that purpose, while it would not be conclusive, would seem to me to afford a basis of action. I want to say, however, that I appreciate the force of the Senator's contention in the matter.

Mr. LA FOLLETTE. Well, Mr. President, when you take into account the contention regarding taxation by the States with these several corporations; when you take into account the influence of these corporations, exerted in the various States, in the enactment of laws through which they escaped taxation, then I think the Senator will see the difficulty of relying upon that.

Mr. THOMAS. Well——

Mr. LA FOLLETTE. Now, just a moment. To illustrate, take my own State. We are all more familiar with our respective States than we are with the conditions in other States. Away back in 1854 the State of Wisconsin enacted a law regarding the taxation of railroads, taking that as an illustration. That law remained upon the statute books from 1854 until 1904, as I now remember—50 years or more. It was a law under which the railroads were able to escape the payment of more than a fraction of the taxes which they were ostensibly required to pay. It was based upon a report upon their earnings, on which the State exacted a certain license fee for the amount of money earned upon Wisconsin business by the various railroads as reported by the railroads. That remained the law up until 1904. It is the law in many of the States. Under that law these corporations were able to report their earnings according to their volition, and they made no statement as to the value of their property.

Mr. THOMAS. Mr. President, would not that practice now react upon these concerns, in that the small valuations upon which their assessments were made would be utilized for the purpose of determining the value of the assets, and as the value was reduced the tax would be increased?

Mr. LA FOLLETTE. In the case of these roads the taxes were not based upon the value of the property at all. It was based upon their earnings, and it was so, I think, in a majority of the States for a great many years.

Mr. THOMAS. I think that is true, but, of course, there are other corporations.

Mr. LA FOLLETTE. I understand.

Mr. THOMAS. Industrial corporations.

Mr. LA FOLLETTE. And much more important than any that will come within the scope of this law, as far as the value of property is concerned.

Mr. THOMAS. Certainly it is in most States, as the Senator says. We can refer to our own State because of our familiarity with its laws more readily than others. I think, generally speaking, in all States, in its reliance upon direct taxation, provision is made for the assessment of the real estate of industrial concerns, and the valuations there given are naturally as low as possible so as to make the taxes as low as possible. That, it seems to me, would furnish some basis for a proceeding by the Treasury Department here into the valuations so used. In many instances they are given under oath, and the corporation could be held to it if that were the only means of ascertaining what these valuations might be.

Mr. LA FOLLETTE. The point the Senator makes would be only of value as applied to real estate.

Mr. THOMAS. No; it would be of value also as applied to all tangible assessments of property, but, of course, it would not apply as to any assets, the Senator understands.

Mr. LA FOLLETTE. The great value of the properties is the intangible value.

Mr. THOMAS. I doubt whether that is sought to be reached by this law. Of course the Senator understands I do not make this suggestion as a satisfactory solution of the problem, but simply as something which might be resorted to for the purpose *of aiding* the Treasury Department in its investigation.

Mr. LA FOLLETTE. It will give not only that aid but a great deal more, as I shall show before I have concluded.

The United States Steel Corporation at the time of its organization was capitalized at over $1,350,000,000. Mr. Schwab, in his testimony before a Government commission, gave what he thought a conservative estimate of the value of the assets of the company—$1,400,000,000. In all probability this would be the value that the books in question would show. That would be the only way to make the books balance with the capitalization just given.

I do not pretend to say what the tax roll of the various properties would show whether there was any agreement between tax valuations and the testimany furnished by Mr. Schwab to the Industrial Commission or not.

On the other hand, Mr. Byron W. Holt, a New York Stock Exchange investment expert, placed the following estimate of the value of the assets of the Steel Corporation in his testimony before the United States Industrial Commission, which was quoted by Moody in the Truth About the Trusts, page 165.

In discussing the capitalization of the Steel Corporation, he said:

> In the original exchange of securities, the Steel Corporation issued $1,297,184,170 of stocks and bonds in exchange for a total of $894,988,800 stocks and bonds of the constituent companies. Thus, the new capitalization exceeds the old by $402,195,370, an increase of 45 per cent. A fair estimate of the value of the actual assets of the old companies, aside from their special privileges or monopoly powers, was that two-thirds of their capital was water. As the consolidation of these companies has added nothing except $25,000,000 cash and an increased monopoly power to the value of these consolidated companies, it is fair to say that the actual visible assets of the United States Steel Corporation are only about $300,000,000, or the amount of its bonds, and that all of both kinds of stock is what is commonly called water. That is, the visible assets constitute 25 per cent, and the invisible assets 75 per cent of the value of this great corporation, according to its capitalization. That this estimate is not a wild one is probable from the statistics of the census of 1890, grossly inaccurate though they probably are. These show that the total capital then invested in the iron and steel industry was only $414,000,000. Supposing that the capital invested has since increased 46 per cent, it would now be about $600,000,000. The trust probably does not control more than 40 per cent of the capital invested, for there are many lines of goods which it does not touch. Add to its iron and steel holdings $60,000,000 for the actual value of its other holdings and the sum will not much exceed $300,000,000. In this estimate no allowance is made for good will.

Which valuation will the Commissioner of Internal Revenue accept, Mr. Holt's or Mr. Schwab's? It will make the difference between a large tax or no tax.

Does the chairman of the Finance Committee intend to introduce a bill to provide a force of high-grade accountants and appraisers to cope with tangles of this kind? If not, it is clear that the Bureau of Internal Revenue will be completely at the mercy of the corporations in attempting to get at the original value of their assets and will have to accept the corporations' returns at their face value. During the first year of the operation of this law, some of the concerns may be caught with excess profits on their books, but no sooner will it become clear what this implies by way of additional taxes than the corporations will run to cover by the simple expedient of increasing their nominal capital.

If I may have the attention of the Senator from Colorado, there is another difficulty which I think confronts the framers of this bill. I say that no sooner will they be confronted with some attempt upon the part of experts, if experts were provided, to ascertain the capital cash value of the property at the time it was transferred to the corporation, as soon as that shall be brought about a further difficulty, it seems to me, will confront us in the operation of this law. Corporations will meet this situation by the simple expedient of increasing their nominal capital. Do you doubt their ability to do so? Let me quote a few illustrations from recent Wall Street history. I think it is well for us to keep in mind just exactly the precise requirements of this bill regarding the point I am now discussing. Here it is: Capital invested means "actual cash paid in; second, the actual cash value at the time of payment of assets other than cash paid in."

Mr. THOMAS. The actual value of assets other than cash at the time.

Mr. LA FOLLETTE. Yes. "Third, paid-in or earned surplus and undivided profits used or employed in the business."

In 1911, it will be remembered, the Supreme Court ordered the dissolution of the Standard Oil Co. of New Jersey, and there was great rejoicing on that occasion that the master monopoly of the country was to be curbed. The dissolution was accomplished by giving each stockholder of the Standard Oil Co. of New Jersey his pro rata share of stock in each of the 38 companies which were controlled by the Standard Oil Co. of New Jersey. Of course, this failed to effect any essential change in the character or in the control of the constituent companies. One of the results of this process of disintegration was that much of the hidden wealth of some of these companies came to the surface, and the merry game of stock boosting commenced. I have here a complete list of the 38 constituent companies, which I beg leave to print with my remarks.

Mr. President, I ask leave to insert as a part of my discussion a summary of the capitalization of 38 of the constituent companies of the Standard Oil Co. following the decision of the Supreme Court of the United States in the so-called dissolution case.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

Since the so-called dissolution of the Standard Oil Co. under the decision of the Supreme Court this company has been broken up into a number of companies.

There are, according to the latest list, 38 separate companies in what is known as the Standard Oil group.

STANDARD OIL GROUP.

1. Anglo-American Oil Co., capital $10,000,000. This is an English corporation and originally had a stock of £1,000,000. In 1913 it declared a 100 per cent stock dividend, which raised the capitalization to £2,000,000, or $10,000,000.

2. Atlantic Refining Co., capital $5,000,000. This company earns about 100 per cent profit annually, and it has a surplus of $25,000,000.

3. Borne Scrymser Co., capital $200,000. The dividends of this company are about 20 per cent per annum, and its assets are nearly treble what they amounted to in 1906.

4. The Buckeye Pipe Line Co., capital $10,000,000. Since the dissolution it has declared dividends at from 16 to 40 per cent, and it has a surplus of $9,000,000, or 90 per cent of its capitalization.

5. The Cheesebrough Manufacturing Co., capital $1,500,000. This is the company which makes vaseline. It was capitalized at $500,000. In 1916 it declared a 200 per cent stock dividend, so that its stock is now three times as great as it was prior to 1916. Prior to the declaration of this stock dividend it paid dividends of from 40 to 50 per cent.

6. Continental Oil Co. of Colorado, capital $3,000,000. This company was originally an Iowa corporation and was capitalized at $300,000. In 1913 a stock dividend of 1,000 per cent was effected by giving every stockholder in the old company 10 shares in the new company for each share he held in the old company. Its dividends before the dissolution ran as high as 166 per cent per annum. This was the rate which it paid in 1903. Since pumping 1,000 per cent of water into the stock of the company it has paid 12 per cent per annum, which is the equivalent of 120 per cent per annum upon its original capitalization.

7. Crescent Pipe Line Co., capital $3,000,000. This company pays a dividend of 12 per cent per annum.

8. Cumberland Pipe Line Co., capital $1,000,000. This company pays dividends of 6 per cent per annum.

(9) Eureka Pipe Line Co.; capital, $5,000,000. This company has paid dividends ranging from 10 to 24 per cent per annum, besides which it has builded up a surplus of $4,431,822, almost equal to 90 per cent of its capitalization.

(10) Galena-Signal Oil Co.; capital, $12,000,000 common, $2,000,000 preferred. This company has paid on common stock dividends as high as 50 per cent, which was its rate in 1905. Since the dissolution it has paid dividends on its common stock of from 12 to 16 per cent, and it has a surplus of $1,500,000.

(11) The Illinois Pipe Line Co.; capital, $5,000,000. This company pays dividends at from 16 to 32 per cent and has a surplus of $2,000,000, or 40 per cent of its capital.

(12) The National Transit Co.; capital, $6,362,500. Prior to the dissolution this company had a capital of $25,455,000. For some reason this capital has been reduced by paying back to the stockholders some $19,000,000 in cash since the disssolution, besides which it has accumulated a surplus of $2,315,000.

(13) National Transit Pump & Machinery Co.; capital, $2,545,000.

(14) New York Transit Co.; capital, $5,000,000. This company has paid dividends at from 16 to 40 per cent and has a surplus of $5,000,000.

(15) Northern Pipe Line Co.; capital, $4,000,000. This company pays dividends at the rate of 10 per cent and has a surplus of $500,000.

(16) The Ohio Oil Co.; capital, $15,000,000. This company has paid dividends at from 19 to 57 per cent, besides which it has a surplus of $65,000,000, or 433 per cent of its capitalization.

(17) Pierce Oil Co.; capital, $13,857,500.

(18) Prairie Oil & Gas Co.; capital, $18,000,000. This company has paid dividends as high as 25 per cent, and in 1915 it declared a stock

dividend of 150 per cent in stock of the Prairie Pipe Line Co. It has, moreover, a surplus of $35,000,000, or nearly twice as much as its capital.

(19) Prairie Pipe Line Co.; capital, $27,000,000. This company has a surplus of $12,000,000, and during the first seven months of 1916 it paid dividends amounting to 25 per cent.

(20) Solar Refining Co.; capital, $2,000,000. This company watered its capital in 1913 by declaring a 150 per cent stock dividend. Its capital was originally $500,000. It paid dividends at from 10 to 40 per cent. In 1913 it paid a dividend equal to 220 per cent on the original capital; since then at the rate of 10 per cent, which is equivalent to 40 per cent on its original capital, besides which it has a surplus of $1,300,000, or nearly three times the original capital.

(21) South Penn Oil Co.; capital, $12,500,000. The capital of this company was increased from $2,500,000 in part by a stock dividend of 300 per cent, declared in 1913, besides which it has a surplus of $11,644,000, but just a few thousand short of being equal to the entire watered capitalization. It pays dividends now equal to upward of 40 per cent on the original capitalization.

(22) Penn-Mex Fuel Co.; capital, $10,000,000.

(23) Southwest Pennsylvania Pipe Line Co.; capital, $3,500,000. This company pays dividends at 12 per cent and has a surplus of $1,000,000.

(24) Southern Pipe Line Co.; capital, $10,000,000. This company pays dividends of 24 per cent and has a surplus of $2,636,000.

(25) Standard Oil Co. (California); capital, $75,000,000. The stock of this company was watered by a 50 per cent stock dividend in August, 1916. It pays dividends of 10 per cent, and it has a surplus of $44,852,000.

(26) Standard Oil Co. (Indiana); capital, $30,000,000. In May, 1912, this company increased its stock from $1,000,000 to $30,000,000 by a stock dividend of 2,900 per cent. Its dividends have been enormous. 1903, 850 per cent; 1906, 450 per cent; 1911, 111 per cent; 1913, 32 per cent, equal to 960 per cent upon the original capital; 1914, 19 per cent, equal to 570 per cent upon original capital; and since then, 12 per cent, equal to 360 per cent upon original capital. On top of all these fabulous dividends it has built a surplus of $26,793,000, or more than twenty-six times its original capital.

(27) Standard Oil Co. (Kansas); capital, $2,000,000. This company was incorporated for $1,000,000, but in 1913 it declared a stock dividend of 100 per cent; in 1913 it paid a dividend of 40 per cent, which was equal to 80 per cent upon the original capital. In 1914 it paid a dividend of 13 per cent, equal to 26 per cent upon the original capital. In 1915 it paid a dividend of 12 per cent, equal to 24 per cent of the original capital, besides which it has builded a surplus of $468,000.

(28) Standard Oil Co. (Kentucky); capital, $3,000,000. Original capital was $1,000,000. It was increased by a stock dividend of 200 per cent. It pays dividends at the rate of 16 per cent, equal to 48 per cent upon the original capital, and it has a surplus of $2,580,000.

(29) Standard Oil Co. (Nebraska); capital, $1,000,000. Its original capital was $600,000, and it was increased by stock dividends of 67 per cent to its present capitalization.

30. Standard Oil Co. of New Jersey, capital $98,338,000. This is the mother of the entire brood.

31. Imperial Oil Co., capital $23,789,000. The capital of this company was $11,500,000. It was increased in November 1915 by a 100 per cent stock dividend. It declares dividends of 8 per cent, which is equal to 16 per cent upon the original capital.

32. International Petroleum Co., capital, common, $5,750,000; preferred, $500,000.

33. Standard Oil of New York, capital $75,000,000. This company was capitalized at $15,000,000, but in 1913 it declared a 400 per cent stock dividend. It pays dividends at the rate of 8 per cent, which is equivalent to 40 per cent upon its original capital, and has a surplus of $26,463,000, or nearly twice the amount of original capitalization.

34. Standard Oil of Ohio, capital $7,000,000. This company declared a stock dividend in 1913 of 100 per cent and it has a surplus of $6,750,000, or nearly twice its original capital.

35. Swan & Finch Co., capital $1,000,000. In 1916 this company declared a 100 per cent stock dividend. It has a surplus of $467,000, or nearly as much as the original capital.

36. Union Tank Line Co., capital $12,000,000. It has a surplus of $872,000.

37. Vacuum Oil Co., capital $15,000,000. This company pays dividends averaging nearly 30 per cent and it has a surplus of $24,000,000, which is 160 per cent of its capital.

38. The Washington Oil Co., capital $100,000. This company declares dividends of 30 per cent.

Mr. LA FOLLETTE. Now, I am going to call the attention of the Senate to the performances of a few of these companies.

In 1913 the Anglo-American Oil Co. declared a stock dividend of 100 per cent, equivalent to a $5,000,000 melon.

The Atlantic Refining Co., with a capitalization of $5,000,000, has been in the habit of earning a 100 per cent profit annually and has a surplus of $25,000,000, or five times its capital.

The Buckeye Pipe Line Co., with a capital of $10,000,000, has built up a surplus almost as large, namely, $9,000,000, after paying annual dividends since dissolution ranging from 16 to 40 per cent.

Mr. BORAH. Do I understand that these are subsidiary companies of the Standard Oil Co.?

Mr. LA FOLLETTE. Yes; these are subsidiaries of the Standard Oil Co. that was supposed to have been destroyed as a monopoly by the Supreme Court decision, from which Mr. Justice Harlan—God bless his memory—dissented. Some time, Mr. President, a grateful people in another generation will build a monument to the memory of Mr. Justice Harlan.

Mr. OWEN. Mr. President, if it would not interrupt the Senator, I should like to say to him or to the Senate that recently I had occasion to telegraph to Moody's Investors Co. to ask what the increase had been in the stock of the Standard Oil of New Jersey since it was dissolved by the Supreme Court six years ago. At that time, with a capital of $100,000,000, the stock was selling at $600 a share, amounting in gross to $600,000,000. It has increased since that time to $2,400,000,000, or an increase to $1,800 a share. It is now valued on the market at $2,400 a share since that decision was made.

Mr. LA FOLLETTE. I am glad to have yielded to the Senator from Oklahoma to incorporate with my remarks that statement. Mr. President, I sometimes fear that the American people will suddenly awaken to a full sense of the meaning of the trend of conditions in this country because of the construction by the courts of some of these laws that vitally affect the very foundations of a government of equal opportunity for all.

Just observe, Mr. President, while I pause for a brief glance at what has happened to the Standard Oil monopoly since the Supreme Court of the United States rendered that decision which annulled and reversed the construction put upon the Sherman law from the very time of its enactment down to that hour. Dissolution of the Standard Oil monopoly! The very term, sir, is a reproach to justice.

The Cheesebrough Manufacturing Co. declared a dividend of 200 per cent only last year, and has been paying dividends from 40 to 50 per cent upon its original capitalization.

The Continental Oil Co. went through the experience of declaring a stock dividend of 1,000 per cent in 1913, only two years after dissolution. It is paying now the modest dividend of 12 per cent annually, which is equivalent to 120 per cent on its original capital.

The Galena-Signal Oil Co. declared a stock dividend of 50 per cent in 1913, a rather modest performance for a Standard Oil concern.

The New York Transit Co., with a capital of $5,000,000, has built up a surplus of $5,000,000 after paying dividends since dissolution ranging from 16 to 40 per cent.

The Ohio Oil Co., with a capital of $15,000,000, has a surplus of $65,000,000, after paying dividends ranging all the way from 19 to 57 per cent per annum.

None of the Standard Oil babies I have mentioned before can compare, however, with the Prairie Oil & Gas Co. This concern, having a capitalization of $18,000,000, has accumulated a surplus of $35,000,000, or practically twice its capital, after having paid dividends as high as 25 per cent. In 1915 it cut a juicy melon for its stockholders by distributing among them a stock dividend of 150 per cent, in the shape of the stock of the Prairie Pipe Line Co., a $27,000,000 concern; that is to say, for every share of Prairie Oil & Gas Co. the stockholders of that company received one and a half shares of the Prairie Pipe Line Co., which, in the first seven months of 1916 following its formation, has paid a dividend of 25 per cent, and has managed in that short time to accumulate a surplus of $12,000,000.

The Solar Refining Co., another one of these constituent companies of the dissolved monopoly, declared a stock dividend of 150 per cent in 1913, when it also paid a cash dividend equivalent to 220 per cent on its original capital. Since then it has been paying a dividend of 10 per cent, which is equal to 40 per cent on its original capital, and has built up a surplus of one and a third million dollars, or about 65 per cent of its capital.

South Penn Oil Co. This company having started with a capital of $2,500,000, declared a stock dividend of 300 per cent in 1913, and has been paying dividends of 40 per cent on its original capitalization, which has not prevented it from building up a surplus of $11,644,000.

The Standard Oil Co. of California declared a stock dividend of 50 per cent in May of last year, and has a surplus of $44,852,000, or nearly 90 per cent on its original capitalization. But it is completely thrown in the shade by the Standard Oil Co. of Indiana. This is the most prodigious baby of them all. Starting with a capitalization of $1,000,000—and it is a question whether any of these capitalizations represent full cash value—it declared a stock dividend in May, 1912, less than a year after dissolution, of 2,900 per cent, lifting itself at one bound to a $30,000,000 concern. Prior to dissolution its dividends ranged from 110 to 850 per cent per annum. Since dissolution, they have run from 360 to 960 per cent upon its original capital. Yet after disbursing these fabulous dividends with a lavish hand, its horn of plenty still remains full with a neat surplus of $26,793,000, or nearly twenty-seven times the original capitalization.

After this anything I may add with reference to the other members of the Standard Oil family may sound feeble in comparison; still, some of the most noteworthy ones must be mentioned.

The Standard Oil Co. of Kansas declared a stock dividend of 100 per cent in 1913, and, after paying dividends since then

ranging from 24 to 80 per cent on the original capitalization, it still has a surplus of $1,468,000, or 146 per cent of its original capitalization.

The Standard Oil Co. of Kentucky, starting with a capitalization of $1,000,000, increased it to $3,000,000 by a stock dividend of 200 per cent. After paying dividends equal to 48 per cent on the original capital it has a surplus of $2,580,000, or more than two and a half times its original capital.

The Standard Oil Co. of New Jersey—the mother of the family—has been paying dividends of only 20 per cent since dissolution, but its stockholders, who received at the time of dissolution their pro rata share in each of the companies mentioned, are getting their share of the bounty that is being distributed by all those companies.

The Imperial Oil Co., which had a capital of $11,500,000, declared a stock dividend of 100 per cent in 1915 and has been paying dividends equivalent to 16 per cent on the original capital.

The Standard Oil Co. of New York, which had a capitalization of $15,000,000, thought its dignity would be better preserved if it declared a 400 per cent stock dividend, which it did in 1913, raising its capitalization to $75,000,000. It is paying dividends of 8 per cent on this watered stock, equivalent to 40 per cent on its original capitalization, and still manages to carry a surplus of $26,463,000.

The Standard Oil Co. of Ohio, starting with a capital of $3,500,000, doubled it in May of last year by declaring a 100 per cent stock dividend, and has a surplus of $6,750,000, or nearly double its original capitalization.

The Swan & Finch Co. doubled its stock by a 100 per cent stock dividend in May of last year and has a surplus of $467,000, almost equal to its original capital of $500,000.

The Vacuum Oil Co., with a capital of $15,000,000, has annual profits averaging about 30 per cent and has built up a surplus of $24,000,000, or 160 per cent of its capitalization.

What is the lesson taught by these figures? This long list of constituent companies, with their fabulous profits and frenzied capitalization and swollen surpluses, which but for the fact that they are reproduced from a solid financial authority—Moody's Manual of Investments, 1916—would read like the fanciful prospectus of a "get-rich-quick" promoter. Mark the sleight-of-hand performance by which a $1,000,000 concern—Standard Oil, of Indiana—is turned overnight into a $30,000,000 enterprise by the simple device of declaring a stock dividend of 2,900 per cent, and after paying for years dividends from 360 to 960 per cent on its original capitalization it manages to build up a surplus of $26,793,000, or nearly twenty-seven times its original capital. Yet according to the provisions of this bill it would be entitled to an 8 per cent profit not only upon its swollen capitalization but also upon the surplus which it has accumulated, or upon a total of $57,000,000, in round figures. Eight per cent upon this amount would be equivalent to over $4,500,000, or 450 per cent upon its original capital. In other words, as long as its net profits do not exceed 450 per cent on its original investment it need not worry about the excess profits tax.

Can there be any doubt after this that similar performances will be witnessed in the case of other companies if the excess profits tax provision in its present form should prove a sufficient inducement to such a step?

Let me sum up my main objections to this bill:

First. The largest item of revenue, $322,000,000, is to be raised by a bond issue, swelling our public debt by one-third at a single stroke, saddling our people for generations with a burden of millions of dollars annually in interest charges, at a time when our successful enterprises are rolling in surplus wealth and when our poor are suffering from want worse than ever. The next largest provision in the bill is $226,000,000, to be raised by an excess profits tax, which I contend, in the first place, can not be collected; but if it be collected it will be transferred by those corporations to their patrons and paid finally by the consumers—the plain people of the country. For instance, if the manufacturer or grocer or the department-store owner is made to pay a tax upon the amount of business he does as represented by his profits he will make his calculations accordingly and at the outset will advance his overhead to an amount necessary to meet the condition imposed by this bill. If he can not meet it otherwise he raises the price of every single article which he passes to his customers, the consumers of the country. So that in spite of all the prating here upon this floor about imposing this tax upon the corporations which have made money out of this bloody business and the statement urged as a justification for this legislation that they will have to pay the tax, it will be found, Mr. President, as is the case unfortunately with so much of the legislation that Congress enacts, that the weight of the burden of the legislation is transferred finally to the plain people of the country.

Now, Mr. President, what is the remedy? It is suggested by the Democratic Ways and Means Committee of the House of Representatives in its report of last year. I do not know what has happened to the Democratic majority in Congress that it has abandoned the position taken one year ago. That was just before the election. Here is what the responsible representatives of that party said about our system of raising revenue. I quote from the report made by the Democratic Ways and Means Committee a year ago, a few months before we were to enter upon an election, as to the proper method of imposing taxes. [A pause.]

The PRESIDING OFFICER (Mr. HUSTING in the chair). The Senate will please be in order.

Mr. LA FOLLETTE. I repeat that this is what the Democratic Ways and Means Committee of the House gave as the proper method of taxation just before the last election:

> No civilized nation collects so large a part of its revenues through consumption taxes as does the United States, and it is conceded by all that such taxes bear most heavily upon those least able to pay them.

Of course it means by "consumption taxes" those paid by the consumer, taxes that enhance the price of the thing bought. [A pause.]

The PRESIDING OFFICER. The Senate will please be in order.

Mr. LA FOLLETTE. Now, to continue reading from this very interesting report of the Democratic Ways and Means Committee:

> It is probable that no country in the world derives as much revenue per capita from its people through consumption taxes as does the United States. It is therefore deemed proper that in meeting the extraordinary expenditures for the Army and Navy our revenue system should be more evenly and equitably balanced and a larger portion of our necessary revenues collected from the incomes and inheritances of those deriving the most benefit and protection from the Government.

The remedy is obvious. Last year when the Ways and Means Committee made this statement, which proposed to follow the example of Great Britain, said the committee in its report:

> Great Britain—

Now, mark you—

> Great Britain before the European war, during her fiscal year ending March 31, 1914, collected from income taxes $230,000,000 and from "death duties" or inheritance taxes $132,000,000. Great Britain's total revenue—

Now, I am quoting from this Ways and Means Committee's report. I am not the authority for this statement. That committee is authority for the statement. [A pause.]

The PRESIDING OFFICER. The Senate will be in order.

Mr. LA FOLLETTE. I will go back, Mr. President, in order that Senators may get that connected statement. It is very interesting:

> Great Britain before the European war, during her fiscal year ending March 31, 1914, collected from income taxes $230,000,000 and from "death duties" or inheritance taxes $132,000,000. Great Britain's total revenue was $620,000,000, and of this amount taxes upon incomes and inheritances yielded $362,000,000, or 58 per cent of the total.

Mr. THOMAS. Dollars or pounds?

Mr. LA FOLLETTE. Dollars. I am quoting it just as it is given in that report.

> In other words, Great Britain in time of peace collects 58 per cent of her revenue from the taxation of incomes and inheritances. With less than one-half the population and wealth of the United States, the revenues from income and inheritances, including "death duties," in Great Britain were more than four times the revenues derived from these sources by the United States. Similar facts might be cited as to some of the other leading nations.

Now, mark you, these are not my own words. These are the words of the Democratic Committee on Ways and Means in its report upon the revenue bill a year ago. That was mighty good doctrine on which to go to the country. That was to give hope to the plain people of this country that if they re-elected a Democratic administration it would increase the taxes upon incomes and on large inheritances. It cited the example of Great Britain, where 58 per cent of the taxes, so it says in its report, were paid out of incomes and large inheritances. Was not that to give the voters of this country an opportunity to believe that if the Democratic administration could be reelected that policy would be pursued in meeting the heavy obligations which had been incurred?

Mr. WADSWORTH. Mr. President, will the Senator yield for a moment?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. LA FOLLETTE. I do.

Mr. WADSWORTH. The Senator knows, I assume, that the income tax of England prior to this war—I do not know what it has reached since—taxed incomes in England as low as $800 a year.

Mr. LA FOLLETTE. Mr. President, I am giving the authority. The figures that I am giving were for a period before

the war. Yes; they reached down and taxed incomes of a very small amount.

Now, Mr. President, just see what the Ways and Means Committee did. It proceeded to follow the example of Great Britain by raising the income tax enough to produce about $110,000,000 of additional revenue, according to its own estimate, and by adopting an estate tax in addition. The increased income tax and the estate tax combined was calculated to raise about $175,000,000 of revenue. Were we to follow Great Britain's example—and I submit, Mr. President, that after the outline of policy laid down by the Democratic administration or by those responsible for its legislative program, we ought to raise $724,000,000, as against $175,000,000 from income and estate taxes. Apparently we have not followed the only road open to us far enough. This year the committee proposes to raise the estate tax by adding a paltry $22,000,000 to the revenue, but for some inscrutable reason it has refrained from touching the income tax.

Mr. SIMMONS. Mr. President, I do not want to interrupt the Senator——

Mr. LA FOLLETTE. I am very glad to have the Senator do so.

Mr. SIMMONS. But I think the Senator was mistaken as to the amount received from corporation and individual income taxes. I have not the figures for the last fiscal year, but it is estimated that for 1918 there will be $133,000,000 from corporation income taxes and $111,000,000 from individual income taxes, making $244,000,000 from that source.

Mr. LA FOLLETTE. I have not said a word, Mr. President——

Mr. SIMMONS. I may have misunderstood the Senator.

Mr. LA FOLLETTE. If the Senator has been following me he would realize that I have not said a word about corporation taxes. I have been talking only about individual income and estate taxes.

Mr. SIMMONS. I beg the Senator's pardon.

Mr. LA FOLLETTE. In the light of what the committee has said about the unjust burden weighing upon the shoulders of the people, I fail to see why the income tax is not resorted to as a means of raising revenue, instead of the doubtful expedient of an uncollectible excess profits tax, and an inexcusable loan of $322,000,000.

Now, Mr. President, I wish to say a few words about my amendments.

My amendments would collect the necessary revenue by raising the income and inheritance taxes, not one-half as much as they ought to be raised, and by providing a number of changes in the method of levying the tax, which will greatly increase the revenue from the income and the estate taxes.

As I shall show in discussing in detail the amendments offered by me, I propose to raise the additional revenue needed from the following sources:

Additional revenue.

1. Revised income-tax rates on individuals	$100,000,000
2. Discontinuance of exemption from income tax of income derived from dividends of corporations	100,000,000
3. Revised estate tax	100,000,000
4. Discontinuance of the exemption of interest paid on bonds from payment of the tax on the net income of corporations, $20,000,000 to	100,000,000
5. Publicity of income-tax returns and requirement to furnish returns of gross income	250,000,000
Total, $570,000,000 to	650,000,000

As against $528,000,000, which the Finance Committee estimates will be raised by the bond issue and the excess-profit tax.

I shall now proceed to explain each of my amendments.

The first amendment, amending section 1 of the present law, abolishes the distinction between the nominal tax and the super tax or additional tax, and substitutes in their place a flat rate equal to a given percentage for each class of income. This is the practice followed in several of the European countries and is based upon the theory that if a certain percentage is fair for a certain class of income it can be applied with fairness to the entire income.

For instance, under the present income-tax law an income of $100,000 pays the following tax:

First $4,000	$0
Next $16,000, 2 per cent	320
Next $20,000, 3 per cent	600
Next $20,000, 4 per cent	800
Next $20,000, 5 per cent	1,000
Next $20,000, 6 per cent	1,200
Total income, $100,000; total tax	3,920

Or a rate of 3.92 per cent on the entire income of $100,000.

If the principle of levying a flat rate on the entire income were adopted, an income of $100,000 would pay a tax of 6 per cent upon the entire income, or $6,000.

My reason for the proposed change is that it is more in harmony with the principle underlying a progressive income tax; (a) the mere fact that a married person with an income not exceeding $4,000 is regarded as one fairly entitled to exemption from income taxes, upon the theory that he needs all of that income to support his family, does not imply that a person with an income of $100,000 can not afford to pay his tax on $4,000 of that amount; (b) the whole theory of a progressive income tax is based upon the principle that the greater the total income which a person receives the less the sacrifice involved in parting with any given amount or part of it. This is the reason why we not only increase the amount of the tax as the income increases, but also the rate as expressed in a percentage of the income. I therefore propose that we adopt this principle throughout the bill, and make any given rate apply to the entire income.

Should this principle be adopted by the Senate and the rates of the present law retained as they are, it would mean an increase of revenue of the personal income tax, which I estimate at not less than $50,000,000. It is unfortunate that the income statistics published by the Bureau of Internal Revenue are so meager and inadequate as to furnish no accurate basis for computation, but my estimate is derived from the calculations set forth in a table showing the increase in revenue which would result from the adoption of the principle of levying a flat rate upon each income in each class. The Bureau of Internal Revenue has published no statistics as to the revenue secured from each class of income, but taking the figures given in the table, I estimate on a conservative basis the increase in revenue at one-third of the total revenue which the Committee on Finance estimated in its report last year would amount to $150,000,000, making an additional increase in revenue by applying the flat rate equal to not less than $50,000,000.

I ask to have printed in the RECORD a table, without taking the time of the Senate to read it, which shows the application of the rate I have proposed.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Comparison of taxes payable, on an income of each class, under existing law and by applying the flat-rate principle.

Income.	Under present system.		Actual rate.	Actual average.	Under flat-rate system.	
	Highest rate applicable to each class.	Amount of tax.			Actual rate.	Increase in revenue.
	Per cent.		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$10,000-$20,000	2	$120- $320	1.2- 1.6	1.4	2	43
$21,000-$40,000	3	350- 920	1.7- 2.3	2.0	3	50
$41,000-$60,000	4	960- 1,720	2.3- 2.9	2.6	4	54
$61,000-$80,000	5	1,770- 2,720	2.9- 3.4	3.1	5	61
$81,000-$100,000	6	2,780- 3,920	3.4- 3.9	3.6	6	67
$101,000-$150,000	7	3,990- 7,420	3.9- 4.9	4.4	7	59
$151,000-$200,000	8	7,500- 11,420	5.0- 5.7	5.3	8	51
$201,000-$250,000	9	11,510- 15,920	5.8- 6.4	6.1	9	47
$251,000-$300,000	10	16,020- 20,920	6.4- 7.0	6.7	10	49
$301,000-$500,000	11	21,030- 42,920	7.0- 8.6	7.8	11	41
$501,000-$1,000,000	12	43,140-102,920	8.6-10.3	9.4	12	28
$1,001,000-$1,500,000	13	103,050-167,920	10.3-11.2	10.7	13	21
$1,501,000-$2,000,000	14	168,060-237,920	11.2-11.9	11.5	14	22
$2,001,000-$3,000,000	15	238,070-387,920	11.9-12.9	12.4	15	21

Under existing law all incomes pay the normal tax of 2 per cent and a supertax grading upward from 1 to 13 per cent.

Mr. LA FOLLETTE. The rates proposed contemplate the restoration of the 1 per cent tax as it was in effect until last year, making that rate applicable to incomes not exceeding $10,000. By applying the increments in steps of $10,000 instead of twenty thousand, as is done in the existing law, I gradually raise the rate by 1 per cent until on incomes of $100,000 it amounts to 7 per cent, as against 6 per cent under the present law; on incomes of $1,000,000 the rate rises to 18 per cent, as against 12 per cent under the present law. And by increasing the rate beyond that by 1 per cent for each additional million dollars of income the rate rises to 25 per cent on incomes exceeding $7,000,000 a year, as against 15 per cent in the present law.

I can see no hardship in this for the recipients of these enormous incomes. Indeed, the tax will involve a much smaller exaction than the 1 per cent tax to the man who has an income of $5,000, with a wife and two children to support. Yet, not only men with $5,000 incomes, but the plain people with incomes measured only in hundreds of dollars, even under the present tariff law, which greatly reduced our import duties, are taxed much higher rates on their necessities than the rate I propose for men who measure their incomes in millions of dollars annually. If anything, my rates do not go far enough. If we are to take Great Britain before the war as a standard, my combined inheritance and income-tax rates, which are calculated to bring in a revenue of about $500,000,000, are only two-thirds of the $724,000,000 that we ought to get from those two sources. But I refrain from going the full length, first, in order to make this change for higher rates gradual; secondly, in the hope of offering an acceptable compromise to the majority of the Senate. How moderate my 18 per cent rate on incomes of $1,000,000 and 25 per cent on those of $7,000,000 and over is, as compared with the burdens that the poor have to carry, a few dry figures will bear eloquent testimony.

A glance at the tables in the Statistical Abstract of the United States will show that for the fiscal year 1914—the last year under the present act before the war made prices abnormal—imported breadstuffs were taxed at the rate exceeding 19 per cent; that the average rate on manufactures of cotton, that cheapest necessity in the clothing of the poorest of our people, was in excess of 45 per cent; that earthenware and chinaware paid an average in excess of 51 per cent; that glassware paid an average in excess of 36 per cent; that manufactures of leather paid an average in excess of 28 per cent; that manufactures of wool paid an average in excess of 44 per cent. These are average rates for entire classes of products, which include individual articles taxed at still higher rates. As compared with these, the proposed rate of 25 per cent on incomes in excess of $7,000,000 does indeed seem low, and so much lower will be found the rates upon lower incomes.

In this connection the argument used by the late John Sherman in the debate in the Senate in 1870, when the question of discontinuing the income tax came up, sounds interesting:

If I had my way—

Said Sherman—

I would retain the income tax of 5 per cent on all incomes above $1,000, making such modifications as should afford it proper exemptions, and then throw off these taxes upon consumption that oppress the poor, and take coppers out of the dollars of the people who earn them by their daily work.

So we find the Democratic Ways and Means Committee of the House, the Democratic Finance Committee of the Senate, and an eminent former Republican Secretary of the Treasury, and an honored leader in the Senate in accord on this point.

As Prof. Seligman, a conservative financial authority, who is considered the highest authority in this country on the subject of the income tax, has so well said (the Federal Income Tax, Political Science Quarterly, March, 1914, p. 2):

In adopting the income tax the Congress, far from purposing to make an attack on wealth as such, was guided by the aim "solely to redress the inequality of taxation which was a predominant feature of the American fiscal system as a whole."

Now, what is the situation to-day in this respect? Another conservative economist, Prof. Willard I. King, in his book on "The Wealth and Income of the People of the United States," gives the following as the present distribution of wealth among the people:

The "rich," 2 per cent of the people, own 60 per cent of the wealth.

The "middle class," 33 per cent of the people, own 35 per cent of the wealth.

The "poor," 65 per cent of the people, own 5 per cent of the wealth.

What this means when the dry statistics are translated into the stern realities of life, the bread riots of New York and Philadelphia bear grim testimony.

I shall not take up the time of the Senate with descriptions of riot scenes, but here are some matter-of-fact statements that we must take into account if we are to form a correct judgment of how the common people fare in this era of prosperity.

The New York Times of February 23 contains an account of what its representative found in making a tour of the congested part of the city. Here is what he reports:

There was no question that the abnormal advance in prices had cut heavily into the slender resources of thousands of families, and that much suffering had resulted. Women living with large families in dimly lighted tenements asserted that one by one they had to quit buying foods that had gone up in price. Some of these had just returned from neighboring markets, where riots had occurred. Most of them were bitterly angry over what they considered a conspiracy among food vendors to rob them, and in several instances they cited evidences of suffering that were convincing enough to impress the most casual.

Mrs. Ida Harris, leader of the women's city hall demonstration, said:

"My husband is a watchmaker and has his own shop, in which he works from morning until night. We have three children, and the five of us live in three rooms at 83 Madison Street, for which we pay $12.50 a month. We are better off than most of the families of the East Side—why, to some we are millionaires—and yet in order to pay for rent, light, heat, and clothes my husband can allow me only $1.25 a day for food. And, as prices are now, I can't give my family enough to eat on that."

Mrs. Harris then outlined the minimum daily food requirements of her family, giving the prices she had to pay eight months ago in contrast with the prices at present. Her statement follows:

	Former prices.	Present prices.
2 pounds of onions	$0.06	$0.40
4 pounds of potatoes	.08	.28
2½ pounds of meat	.40	.60
4 pounds of bread	.12	.37
¾ pound of butter	.08	.14
1 pound of cabbage	.02	.20
Total	.76	1.99

Mr. President, shall we pass a taxation measure, a revenue measure, so called, which will almost to an absolute certainty, if it collects anything at all from partnerships and corporations, lead to an advance in that price upon the consumer? Is that the way for Senators who have been active and conspicuous here on this floor in increasing the appropriations for preparedness to meet their obligation? Are they going to join with other Senators in putting through a measure to pay for that so-called preparedness by a system that, if it produces revenue at all, must inevitably be passed on to the consumers and make Mrs. Harris's bill over on the East Side in New York for the daily sustenance of her family much higher than it is now?

Mrs. Harris said the quality of food at present was not up to the standard of eight months ago. Butchers who formerly weighed their meat after cutting away bone and excess fat now charged for these parts, she said; and cabbages and other vegetables weighed more than they should these days, because they had been frozen.

Marie Ganz, leader of a group of radicals, was one of those who had suffered from the increased cost of food. It was she who led a delegation of women to the city hall on Tuesday.

Miss Ganz lives with her mother and two grown brothers in a two-room apartment on the second floor of a tenement at 220 Delancey Street. She earns $10 a week as a forewoman in a factory. One of her brothers, formerly a private in the Army, has just recovered from a long illness, and has found employment with a firm manufacturing rubber. During his illness he was supported entirely by Miss Ganz and her other brother, who earned $8 a week.

"Here are a few evidences of how we managed to get along," said Miss Ganz, showing a package of pawn tickets. "All of the articles I was forced to pawn were pieces of jewelry that had been in the family for some time. On February 3, as one of the tickets will show, I pawned a diamond ring with the Provident Loan Society for $35. On February 14 I pawned a neck chain for $12. Before that I was forced to pawn another ring, a chain, a watch, and other trinkets.

"Although up to three or four months ago my salary was only $9 a week, we were able to get along without any very great sacrifice beyond what you generally find on the East Side. Few of us over here are wealthy, and we do not ask or expect luxuries. But when the price of food began to jump up and my brother became ill my salary was not sufficient for our needs, even with the help of my second brother, who did not have steady employment.

"It used to cost us about 49 cents to provide breakfast for four of us. To-day the same breakfast, if we were able to afford it, would cost $1.02. We haven't had an egg in the house for weeks, and potatoes are a luxury. When the cost of things began to advance we though to economize by buying cabbage; but now it costs 20 cents a pound. Do you know what that means to people who have to make the most use possible of every cent to get along, especially when there is illness? I am not asking for charity. I work for my living. But I am only giving you a few facts. Why should cabbage cost us so much? Why should peas cost us 16 cents a pound? Three or four potatoes make a pound, and they charge us 10 cents for it.

"What does this mean to people on the East Side who are poorer than we are? There was a man here last night who said he had heard that all this food agitation was a German plot, and that he had heard that two of the women leaders and a certain dentist had been paid to start riots. He said the dentist had received $20,000, and that others had been paid. I asked him if he thought I had been paid, and he said he had no evidence that I had.

"What terrible, silly lies. What do we women of the East Side know of European politics? We are going hungry. The prices of food have risen beyond our means. I don't care if not a soldier is

left to Germany after this war. I don't care what happens to the nations which are silly enough to fight. What we want are the elemental things of life, food to eat, so we can live and do our work.

"The women are in no mood to endure such lies. I will not lead them, but they certainly will march again on City Hall if an attempt is made to make it appear that there is no real want, and that the agitation is due only to some leaders who are being paid to start riots by Germany."

This same issue of the New York Times contains on the same page this latest testimony as to prices in London.

I ask leave to print it without reading. It shows that we are paying here in our centers higher prices than they are paying over on the other side in many instances.

The matter referred to is as follows:

Robert Mountsier, of 417 West One hundred and eighteenth Street, an American newspaper man, who has l'ved in England since last October, brought back with him on the *Philadelphia* yesterday his housekeeping account book with prices which show the necessities of life to be, as a rule, considerably cheaper in England than they are here. Mr. Mountsier said that it was true to-day, as it was before the war, that money would go considerably further in London than in New York.

The most arresting entry in his domestic ledger was that of 4 cents a pound for the best potatoes shortly before his departure from England. The best potatoes retail in this city at 9 cents a pound. He bought cauliflower in England, he said, at a uniform price of 4 cents a head, as against from 15 to 25 cents a head in this city.

"Cabbage," Mr. Mountsier said, "were plentiful and cheap in London," though he had no statistics in his domestic ledger of the exact price. When he was told that wholesalers who had bought them on the farm last year for $3 a ton now had to pay as high as $160 for them, while they had gone up to 30 cents a head and practically disappeared from the market, he said:

"That's very astonishing. All the London markets have been full of them at moderate prices I've eaten more cabbages, cauliflower, and potatoes than any other vegetables."

Other prices quoted in his book were 44 cents a pound for unsweetened butter, which has kept close to 60 cents here, and 10 cents a pound for Brussels sprouts. Milk, which is scarce and considered dear in London, is slightly lower in price than here. Coal, of which there has been something like a famine in England recently, is now selling in London at about New York prices. It is $9.68 a ton in small quantities, which is below what has been charged here during the winter for coal in lots less than a ton, but just about the present prices.

Mr. LA FOLLETTE. What is to account for this striking contrast between conditions in this country and Great Britain?

First, that, through all the strain of the war the British Government has had to pass, it has sought to distribute the financial burden with greater justice between the classes and the masses than we have managed to do.

Secondly, that the power of extortion through monopoly and combination is exerted here to the point of squeezing the last drop of blood from the poor, while in Great Britain the Government has stepped in and with a strong hand has kept costs down partly by regulation of prices and partly by directly going into the business of dealing in the necessities of life. And by thus protecting the people from extortion by the rich the British Government has distributed the burden of taxation so as to make most of the revenue come from direct taxes upon income rather than from indirect taxes upon consumption or upon the things that we ought to wear and use.

I could go on indefinitely with illustrations, but the time is short, and I trust that what I have said is sufficient to convince the Senate that the rates proposed in my amendments are moderate in spirit, just in principle, and preferable to the enormous loan proposed in the bill.

If the rates proposed by me are adopted, they will result in lowering the tax on all persons with an income of less than $10,000 and in raising the tax on persons with incomes in excess of $10,000, the increase in rates ranging from 10 to 67 per cent over the present rates. Estimating conservatively that would result in an average increase of 33 per cent, and the increase in revenue would amount to at least $50,000,000.

Adding to this the increase in revenue of $50,000,000 which would result from the application of the flat rate, we get a total increase in revenue of not less than $100,000,000.

My amendment (No. 3) amending section 7 of the present law seeks to confine the $3,000 and $4,000 income exemptions from taxation to incomes not exceeding $10,000, while the present law allows an exemption of $3,000 and $4,000, respectively, for all incomes. The reason for the change which I propose is obvious, bearing in mind what I have said upon the general principle underlying the theory of the progressive income tax. I shall only repeat one consideration: The fact that a married man with a $4,000 income needs it all for the support of his family does not mean that the man with a $100,000 income likewise can not afford to have $4,000 of that income taxed.

David A. Wells, who was special commissioner of revenue at the time the Civil War income-tax law was in force, in his report of January, 1868, aptly put the case in these words:

What in one case is an allowance for a necessity becomes in the other a mere increase of abundance.

The adoption of this amendment would be in line with the general practice of European countries, including Great Britain. [After a pause.] I was conferring for a moment. I wanted to be certain not to take so much time that other Senators who may desire to talk will not be able to have the opportunity to do so. I will ask some one of my colleagues to confer with Senators on both sides and ascertain what time Senators would like, and I will yield the floor in time, so that every Senator who desires a portion of the remaining time will be able to secure it. If no one else is going to occupy the time I will just simply run along.

Mr. CHAMBERLAIN. I should like to make a very brief statement in reference to an amendment I have.

Mr. LA FOLLETTE. I will be very glad to yield at any time the Senator will indicate.

Mr. CHAMBERLAIN. It will take only a few minutes.

Mr. WATSON. Mr. President——

The PRESIDING OFFICER (Mr. ASHURST in the chair). Does the Senator from Wisconsin yield to the Senator from Indiana?

Mr. LA FOLLETTE. Certainly.

Mr. WATSON. Without taking the Senator off his feet, I will state that the Senator from Massachusetts [Mr. WEEKS], I understand, has two amendments, or three, and that he would like to have time to offer those and discuss them; but he said 45 minutes would be enough.

Mr. LA FOLLETTE. I think the Senator from Iowa [Mr. CUMMINS] has an amendment to present.

Mr. CUMMINS. I have two amendments.

Mr. LA FOLLETTE. Can the Senator from Iowa suggest how much time he would like to take?

Mr. CUMMINS. I would not require more than 20 minutes at the most.

Mr. PENROSE. If the Senator from Wisconsin will permit me, there were a number of Senators who had intended to address the Senate at considerable length on the bill—I was among the number—but the outlook has been so discouraging since the unanimous-consent agreement was had that I think several of them have abandoned any thought of pursuing the discussion any further. I am one of those, as so much time was taken on Monday with unexpected matters, and so on, since the agreement was reached.

Perhaps, if there is no objection, the Senator from Wisconsin, if he chooses, could yield the floor and rest in his very interesting remarks and let amendments be introduced, and later on he could resume the floor.

Mr. LA FOLLETTE. I will be glad to do that, not because I feel any weariness at all—I would be delighted to go on for the balance of the time if no other Senator desired to occupy the floor—but I certainly do wish to yield the floor in order that every other Senator who wishes to address himself to the bill shall have the fullest opportunity to do so. I think it would be quite unfair to appropriate more time. I have taken a good deal of time already, and I will at this point yield the floor and will resume it if I have the opportunity later.

Mr. PENROSE. There are the Senator from Massachusetts [Mr. WEEKS], the Senator from Indiana [Mr. WATSON], the Senator from Iowa [Mr. CUMMINS], and the Senator from Oregon [Mr. CHAMBERLAIN] who are here to take the floor.

Mr. WATSON. Mr. President, I had intended to take some time to make some observations with reference to the pending measure, but the Senator from Wisconsin and I had a perfect understanding about it, and it is entirely agreeable to me for him to proceed as long as he desires to do so. My only object in interrupting was in order that the Senator from Massachusetts and the Senator from Iowa might have an opportunity to introduce their amendments and explain them, but it will be entirely agreeable to me to have other Senators consume the remainder of the time because of the complete discussion that has been had, and I am entirely willing to forego the pleasure of addressing the Senate.

Mr. PENROSE. If the Senator will permit me one minute, I should like to address an inquiry to the chairman of the committee, the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from Pennsylvania calls the attention of the Senator from North Carolina.

Mr. PENROSE. I should like to ask the chairman of the committee whether it would not be possible to have an arrangement somewhat similar to the one we had in the closing hours of the last Congress, when the minority Senators had permission to put in the RECORD certain figures and statements that they had before them and which the time allowed was not sufficient to bring before the Senate.

Mr. SIMMONS. The Senator means statements about what?

Mr. PENROSE. Regarding the revenue bill.

Mr. SIMMONS. Does the Senator mean for Senators to extend their remarks?

Mr. PENROSE. To insert some figures bearing on the bill and statements, some of which would be in the nature of remarks.

Mr. SIMMONS. I have no objection to Senators putting in tables, but I do not think it has ever been the custom here for Senators to put in the RECORD remarks which they have not in substance made on the floor.

Mr. PENROSE. I did not mean that.

Mr. SIMMONS. I have no objection to documents going into the RECORD.

Mr. PENROSE. Very well.

Mr. SIMMONS. I do not object to tables or statistics or anything of that sort or documents which a Senator upon his responsibility feels he would like to have incorporated in the RECORD. I myself should have no objection to that; but I should object to incorporating remarks in the RECORD which have not been made upon the floor of the Senate.

The PRESIDING OFFICER. Does the Senator from Pennsylvania make a request?

Mr. PENROSE. I think we have reached an understanding without pursuing the matter any further.

Mr. SIMMONS. Should this privilege be granted to the minority, it would also have to be granted to the majority.

Mr. LANE. The Senator from North Carolina would have no objection, I hope, in case the remarks were complimentary?

Mr. SIMMONS. No; I do not object to complimentary remarks. But I reckon we had better not disregard the well-established and immemorial precedent of the Senate that we shall not extend our remarks in the RECORD or put into the RECORD remarks which we have not, in substance, made upon the floor of the Senate.

Mr. PENROSE. That is right.

Mr. CHAMBERLAIN. Mr. President, with the permission of the Senator from Wisconsin——

The PRESIDING OFFICER. The Senator from Wisconsin has yielded the floor.

Mr. CHAMBERLAIN. I proposed an amendment to the pending bill on the 6th day of February, which provides:

> That from and after 90 days after the passage of this act no fresh or frozen halibut or salmon from the Pacific Ocean or its tributary waters shall be admitted into the United States through any foreign country, except when the same shall be in bond from an American port.

The amendment is exactly the same amendment which was proposed to a revenue bill at the last session. It was reported from the Finance Committee of the Senate and made a part of that bill at that time, it being adopted by the Senate. It went out, however, in the conference between the two bodies. I had intended to press this amendment at this time for reasons which I intended to submit at length to the Senate; but in view of the fact that there are many Senators who desire to discuss the bill, and it might possibly interfere with some Senators who have prepared addresses, I have concluded not to press it as an amendment to the bill. I shall propose it, however, as an amendment to one of the other bills which may be pending before the Senate, possibly the shipping bill. I shall then have some reasons which I shall offer to the Senate why the amendment should be adopted.

Mr. WEEKS. Mr. President, I have several amendments to the pending bill which I desire voted on, but which, under the unanimous-consent agreement, as I understand it, can not be discussed after 8 o'clock.

I do not approach this subject with any degree of optimism. I have been listening for two or three hours to the Senator from Wisconsin [Mr. LA FOLLETTE] discussing a great public question at a time compared with which this country has never seen such a delicate situation, and yet those who are responsible for the legislation have given no consideration or attention whatever to the pertinent suggestions that the Senator from Wisconsin has made to the bill. I might not agree with the Senator from Wisconsin as to some of the matters which he suggests, but the fact is, Mr. President, that this legislation does not, and ought not, to suit anyone. It is unfair; it is unjust. It does not put the burden on those who are best able to bear it; it is unscientific. There is not anything that can be said in favor of this excess-profits tax in the manner in which it is presented to the Senate, and yet no Senator on the other side is going to give the slightest consideration to criticisms which may be made or to any arguments against the bill.

It is a most discouraging situation. I wish the country could be sitting in these galleries and see the way in which the Senate of the United States is legislating; the way in which it is considering a proposition which, in its entirety, will appropriate seven hundred or eight hundred million dollars, some of it without any restrictions as to how it shall be expended.

We frequently differ in reference to minor features relating to legislative matters of small moment in dollars and cents and take a great amount of time in discussing them, and yet this legislation—which, as I say, does not really meet the approval of anyone, and ought not to—is being given no consideration. A party caucus has decided what shall be done. Even the amendments which, in the wisdom of the majority, it has been decided shall be given consideration are to be withdrawn, and we are to be forced to vote for a bill which is unwise, and we all know that the majority as made up will vote for it whether they approve of it or not. They used to criticize in the House of Representatives the Cannon rules and czarism, and all that sort of thing. Why, Mr. President, they were as nothing compared to the methods that are being followed in the Senate today in passing legislation without consideration.

I took occasion the other day to discuss some matters relating to this legislation which were purely financial. I tried to demonstrate, and I think I did demonstrate, that the manner of issuing certificates of indebtedness by our Government was unwise and unsound. We had to incur some indebtedness during the Spanish War. Sixty-four million dollars of that indebtedness matures next year. Provision is made in this bill for its refunding. When the bonds for that indebtedness were issued it was intended that it should be paid between 1908 and 1918; and if the administrations during that period had done their duty the Secretary of the Treasury would have estimated at least one-tenth of that indebtedness in his estimates for the year and taxes would have been imposed to have paid that indebtedness off; yet not one dollar of it has been paid. Now we are face to face with $64,000,000 of bonds maturing next year. What do the majority propose to do about that $64,000,000? They propose to extend that indebtedness for 50 years; in other words, perhaps we shall be paying the indebtedness incurred on account of the Spanish-American War 70 years after the war terminated; and perhaps there will be unwise enough majorities in Congress at that time to extend it another 50 years. We do not know but that our great grandchildren twenty times removed will be considering refunding bonds that were issued to pay for the Spanish-American War; and yet I have not any confidence that what I am going to say about that subject is going to receive any attention on the other side of the Chamber. In fact, not a single member of the majority members of the Finance Committee of the Senate is on the floor, so far as I can see; certainly no one of them is listening.

Mr. HUGHES. The Senator is mistaken about that. At least one such member is on the floor, and there is another majority member of the committee sitting near me. The chairman of the committee, the Senator from North Carolina [Mr. SIMMONS], has just been called away to the telephone, but I am sure he will come back immediately and listen to what the Senator from Massachusetts is going to say.

Mr. SMITH of Georgia. Mr. President, I desire to say that another of the majority members of the Finance Committee is also present.

Mr. WEEKS. I hope both Senators, although they will vote against what I shall propose, will listen to what I shall say.

Mr. HUGHES. I wish also to call the attention of the Senator from Massachusetts to the fact that there are only two members of the minority of the Finance Committee on the floor.

Mr. WEEKS. They will vote all right.

Now, Mr. President, what should be done with this $64,000,000 of bonds and all other maturing bonds is to pay them in some way. I suggested the other day in my argument relating to the issuing of bonds that the only safe and proper way to issue them, in order to insure their payment when they mature, is to issue serial bonds. I am not going to take time to go into a long discussion of the relative merits of a bond issue maturing at its termination without any sinking fund, a bond issue with a sinking fund to retire them at the time the bonds mature, or bonds issued as serial bonds, so that if the longest bond in the series terminates in 20 years, one-twentieth of the issue will be paid each year. All I have to say, Mr. President, is that all the statistics bearing on this subject indicate that the serial bond is very much cheaper from the standpoint of the issuing party than any other form. I submitted the other day some tables indicating the saving that could be made by issuing serial bonds. Those tables had been prepared with great care, and they can be depended upon by Senators as being as accurate as it is possible for such statistics to be.

One of my amendments relates to that particular subject. As I have said, provision is made in this bill for refunding these bonds in 50 years. Instead of refunding them in 50 years, I would handle the question in this way: On page 11, line 21, after the word "authorized," strike out down to and including

the words "per annum," on page 12, line 1, and insert the following proviso:

Provided further, That in lieu of any of the bonds provided for in this act the Secretary of the Treasury is hereby authorized and directed to issue serial bonds of the United States, maturing in equal amounts from date of issue to 20 years from date of issue, bearing interest, payable semiannually, at a rate not exceeding 3 per cent per annum: *Provided further*, That the mandatory provision in this paragraph may be waived if the market conditions are such that the obtainable rate on serial bonds is more than one-fourth per cent per annum higher than on bonds of other forms of issue.

The reason I suggest that last proviso, Mr. President, is that it has been charged that serial bonds would not sell on as advantageous a basis as would bonds of other forms of issue. I do not think that that claim is justified. I believe that serial bonds running from 1 to 20 years, as is provided in this amendment, will sell as well as an issue of bonds running for 20 years and all maturing at that time. So I do not think it possible that there could be any other result than getting the best possible price for the bonds; and yet, in order to protect the Treasury Department, I have provided that if it is found necessary to pay more than one-fourth of 1 per cent more, or to sell on a quarter per cent higher basis than would be the case with any other form of issue, the Secretary of the Treasury is not bound to sell the serial bonds.

Mr. SMITH of Georgia. Mr. President, will the Senator yield to me for a moment?

Mr. WEEKS. Yes.

Mr. SMITH of Georgia. I do not see the Senator from Wisconsin [Mr. LA FOLLETTE] in his seat. I understand that a little while ago he had recorded the absence of others. I was then absent. I think it might be well for the RECORD to note the fact that he left just as soon as he finished talking.

Mr. WEEKS. I have no brief to speak for the Senator from Wisconsin, but I think it is just to him to say that he commenced his remarks probably before he had had his lunch, and he had been talking several hours, and naturally, under those circumstances, he may be at this time relieving hunger, if not thirst.

Mr. SMITH of Georgia. I think the Senator from Massachusetts must be mistaken about that, unless the Senator from Wisconsin took his lunch very late. I take occasion to mention it, because this is the second time the Senator from Wisconsin has criticized absent Senators, and, I feel sure, he is absent as often as many of us.

Mr. WEEKS. I think it is fair to say that the Senator from Wisconsin has been on the floor this afternoon more hours than any three Democratic Senators put together.

Mr. SMITH of Georgia. He is always on the floor when he is talking himself.

Mr. WATSON. I suggest to the Senator from Georgia that he make that criticism to the Senator from Wisconsin and not to us.

Mr. SMITH of Georgia. He usually makes it of others when they are absent, and, as he made it only a little while ago when I was absent, I take advantage of his absence to call attention to his absence.

Mr. WATSON. Which is entirely agreeable to me, so far as I am concerned, but there is no use of scolding an absent Senator.

Mr. SMITH of Georgia. I am illustrating my conduct by the conduct of the Senator from Wisconsin, having been informed that he was scolding while I was away——

Mr. WATSON. The Senator in scolding him for that conduct, does the very thing which he criticizes.

Mr. SMITH of Georgia. And showing how improper it was by my own illustration.

Mr. PENROSE. Mr. President, will the Senator from Massachusetts yield to me?

Mr. WEEKS. I yield to the Senator.

Mr. PENROSE. A survey of the Senate Chamber makes it evident to anyone that there are just six Democratic Senators listening to the very important observations the Senator from Massachusetts [Mr. WEEKS] is making. That is a much larger number than has usually been present when the minority have been discussing this bill, and I think the Senator from Massachusetts should be congratulated that he has such an audience.

Mr. THOMAS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Colorado?

Mr. WEEKS. I yield to the Senator.

Mr. THOMAS. Practically ever since I have been in the Senate I have noticed that unless a revenue bill or some similar bill is under consideration the Senator from Pennsylvania very seldom answers a roll call.

Mr. SMITH of Georgia. Mr. President, the Senator from Pennsylvania is mistaken. I understand there are 12 Democrats on the floor, and 10 Republicans.

Mr. PENROSE. I should have qualified my remarks by saying there were six in their seats. Those who are sitting in the rear of the Chamber, engaging in conversations on the sofas, and those with their noses partly out of the door of the lobby I do not take official cognizance of.

Mr. SMITH of Georgia. Mr. President, I was not counting any who were sitting on the sofas, but counting those who were sitting in the chairs in front of their desks.

Mr. WEEKS. Mr. President, I will not yield further for this interesting colloquy.

Mr. LA FOLLETTE. Mr. President, will the Senator from Massachusetts yield to me?

Mr. WEEKS. I think I ought to yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I should like to make an inquiry as to what this debate is all about? I was called out to see some one in the Marble Room——

Mr. SMITH of Georgia. Mr. President, I will state to the Senator——

Mr. LA FOLLETTE. I am asking the Senator from Massachusetts. Word was brought to me that I was being attacked on the floor on account of my absence from the Chamber. I suppose it has been customary here for Senators, when cards are brought to them, if they are not immediately engaged, to respond and go out and see the people who call them. I have been absent from the Chamber about four or five minutes.

Mr. WEEKS. I will say to the Senator from Wisconsin that I stated that he has been on the floor this afternoon three times as long as any Democratic Senator. The criticism came from the Senator from Georgia, who missed the Senator from Wisconsin, and naturally remarked the fact.

Mr. SMITH of Georgia. Mr. President, if the Senator from Massachusetts will allow me, I was told when I came in that the Senator from Wisconsin had criticized members of the committee for being out of the Chamber. When I heard that I called attention to the fact that the Senator from Wisconsin was out of the Chamber.

Mr. LA FOLLETTE. Yes.

Mr. WEEKS. Mr. President, I yield for a question only.

Mr. LA FOLLETTE. That is all right.

Mr. WEEKS. Mr. President, if the amendment which I shall offer and which I have just read should not be adopted, though I hope it will be because of one provision in it which makes it mandatory on the Secretary of the Treasury to issue bonds of this kind, I propose to offer an amendment of exactly similar kind, except that the mandatory provision will be left out.

Again, Mr. President, it is proposed by the bill to issue 3 per cent bonds. There has been some question about whether a 3 per cent Government bond would sell at par, as is necessary under the provisions of the bill. I think there is some doubt about that. If we were in a state of war, I have no doubt that the patriotic sentiment of the country would be such that a very large issue of 3 per cent bonds would be taken and easily sold. But under the present conditions I am inclined to think that bond buyers would look on it as a business proposition, and they would compare a Government issue bearing 3 per cent with a State issue bearing 4 per cent or municipal bonds bearing 4 per cent; and I can not see why they would buy a 3 per cent Government bond when they could buy the best State or municipal bonds on a 4 per cent basis. I may be mistaken about that. I have made inquiries of a great many bond buyers, and there is some difference of opinion among them. The consensus of opinion, however, is that if we issue a 3 per cent bond with the prospect that we will have to issue more bonds later on at a higher rate of interest, these bonds should have the privilege of exchanging into the higher rate bond if it is issued within a reasonable time; and I think there is some merit in that. I believe that a 3 per cent bond could be sold if it were to have the privilege attached of exchange for a higher rate bond if one is issued in the near future. For that reason I have prepared this amendment:

Add as new to section 402: "That the Secretary of the Treasury is hereby authorized, in his discretion, to convert any of the bonds issued under authority of this act, or hereafter issued under authority of section 39 of the acts approved August 5, 1909, June 3, 1916, and September 7, 1916, into any bonds that may be issued by the United States under authority of any law that may be enacted on or before December 31, 1918, bearing a higher rate of interest than 3 per cent; and any bonds so issued because of such conversions shall be in addition to bonds authorized by such law; and a sum not exceeding one-fifth of 1 per cent of the amount of any bonds that may be converted is hereby appropriated, out of any money in the Treasury not otherwise appro-

priated, to pay the expenses of such conversions, the same to be expended as the Secretary of the Treasury may direct."

Those acts to which I have referred, the one of 1909 and the two acts of 1916, provided for issues of Panama Canal 3 per cent bonds; and as the banks do not have the privilege of issuing circulation against those bonds, I think they should be included in any conversion privilege which is given under the provisions of this act.

Mr. BRANDEGEE. Mr. President, I think almost the same language that the Senator has just offered in the shape of an amendment was incorporated in the bill that the Senator from Missouri [Mr. STONE] reported yesterday evening to the Senate—the bill authorizing the President to arm merchant vessels, and to issue $100,000,000 worth of bonds. I think it is almost the same language that the Senator has proposed here as an amendment.

Mr. WEEKS. Then there would be every reason for its going in this bill.

Mr. BRANDEGEE. I should think so; but in that bill there was a provision that they should not have the circulation privilege. I do not know whether it is wise to add that or not.

Mr. WEEKS. Well, that should be the condition in issuing all of these bonds. There is no reason now why Government bonds should have the circulation privilege. In fact, the national-bank bond-secured circulation should be retired, and all Government debts should be paid. What I am trying to get at is a method which will insure the Government's indebtedness being paid when we have sufficient revenues for so doing, and in normal times, when it will not be a strain on anyone. You could not do anything to strengthen the hands of the Government from a military standpoint any more than to have us out of debt, or comparatively out of debt; and it is folly to go on renewing and renewing the indebtedness without any provision whatever for its payment.

What would be thought of a business man or a corporation who borrowed all the time and always renewed his indebtedness? Why, of course, his credit would be at the lowest possible ebb in the shortest possible time. Nothing could be done which would insure his having a low credit to any greater extent than the kind of financing which is done by the Government.

I am sorry there are so few Senators listening to what I am saying about this matter of issuing serial bonds, for I wish the Senate might understand what it really means, and the very material savings that can be made. Just for example, I took from one of the best-known bond men a statement which I did not include in my remarks the other day, which is a fair indication of what can be done. This is Mr. Chamberlain, who says, in his Principles of Bond Investments, that it costs $418,305 more to issue $1,000,000 of 50-year, 4 per cent bonds, to be retired at the end of that time, at a 3 per cent basis for the sinking fund—which is the usual average return—than if the issue were made serially, and one-fiftieth of the bonds retired annually. Just think of it! An issue of $1,000,000 of bonds would cost $418,000 more than if issued in serial form, and one-fiftieth of them paid each year.

Mr. BRANDEGEE. That seems incredible. I can not understand it.

Mr. WEEKS. It is not incredible, however. It is true.

Mr. WADSWORTH. Forty per cent of the principal.

Mr. WEEKS. Forty per cent of the principal; and, yet, if the evidence on this subject can be relied on, we are going to give no attention to this condition. We are not only going to reissue these $64,000,000 of Spanish War bonds for 50 years, but we are going to issue Panama Canal bonds without giving any consideration to their payment.

Mr. President, I have introduced an amendment without consultation with other Senators, to which some of them may disagree, although they might agree with me on the general provisions of the kind of bonds to be issued. Under the conditions which exist to-day, my judgment is that the way to finance the Government is through a protective tariff for the normal expenses of the Government, for the usual expenses, and then to issue bonds to mature within the life of the permanent improvement which is to be made, issued in a serial form. For that reason I have prepared an amendment for the purpose of using the bonds to be issued under the provisions of this amendment to pay for those permanent improvements which have been provided for in legislation passed last year and for the general purposes of national defense.

I do not approve at all, of course, of very much of the legislation to which this amendment refers. I do not believe in building a Government nitrate plant. I do not believe in building a Government armor plant. I do not believe in the shipping bill and the using of fifty millions of Government money for the purposes which the law passed last year provides. But that has been done, and this Congress is going to provide the money. Now, a ship lasts 20 years or 30 years, and many ships are used to good advantage much longer than 30 years. If we provide for the retirement of all this indebtedness within 20 years, it will be well within the life of ships which may be purchased under the provisions of the shipping act. We are going to expend $35,000,000 in building the railroad in Alaska. Is it right to make the citizen of to-day, with the unusual burdens which are placed on him, not only for general taxation purposes but for the high cost of living, pay for the entire cost of building that railroad, rather than distributing it over the next 20 or 25 years, as the case may be?

Mr. SMITH of Michigan. Mr. President, if the Senator will permit me, when that authority was given to build the Alaskan railroad, it was stated here over and over again that they were going to build it out of the current revenues of the Government. It would not have been built if it had not been predicated upon that theory. Over and over again it was stated to us that the cost of building that railroad, $35,000,000, would be paid out of the current revenues, as soon as those revenues reached the point which the framers of the present revenue law asserted they would reach, but which they have never reached.

Mr. THOMAS. Mr. President——

Mr. WEEKS. I yield to the Senator from Colorado.

Mr. THOMAS. The Senator has just made a statement which I have heard several times during this discussion, that it is not fair to impose all of the expenses which we are now about to incur upon the present generation, but that we should make some provision whereby those that come after us shall bear a part of the burden. I have been recently giving some attention to the condition of the bonded indebtedness of this country, and I find that we are paying—and ours is a subsequent generation—interest upon the public debt which accrued more than 50 years ago. I do not recall, or at least I am not able to find any statement—although I presume I can get it from the Treasury Department—showing what proportion of our bonded indebtedness has been paid since the end of the war. I do find that the people have paid in interest upon that indebtedness since 1865 a sum in excess in the aggregate of three thousand millions of dollars, or more than twice the principal of the debt which is still in existence. I find, also, that the people of Great Britain are now paying interest upon a bonded indebtedness that was incurred by Great Britain in carrying on the war of the American Revolution, together with all of the accumulations which have since been added to it, and upon which the total reduction of the principal is just about £30,000,000.

Does it not appear to the Senator, from this condition, that we are getting into the habit of not only postponing our own obligations to the shoulders of posterity, but that the burden is becoming so large that posterity may be very fortunate if they are able hereafter to pay the interest? And would not the economies consequent upon the principle of "pay as you go" be forced upon the attention and action of the legislator by the interest which that policy would arouse in the taxpayer?

Mr. WEEKS. Mr. President, the other day, in discussing the relative merits of a sinking-fund bond and a serial bond, I pointed out that there were frequent failures in applying the sinking-fund provisions, which have been used more or less often in issuing bonds.

Mr. THOMAS. I forgot to say, Mr. President—if the Senator will permit another interruption—that if we are to issue bonds at all, I am entirely satisfied with the argument which the Senator presented the other day as to the superiority of the serial bond over the usual form of bond. There is no question about that; but I am opposed to any bond issue whatever. Consequently, I asked the question that I did.

Mr. WEEKS. But, Mr. President, there is a reason why the Government indebtedness has not been paid off. About three-fifths of that incurred during the Civil War was paid out of surplus revenues during the following 25 years; but under our methods of issuing circulation it was necessary to have a Government bond as a basis for that circulation, and during the last 10 years we have used substantially the entire national indebtedness for that purpose. Therefore it has not been practicable, even if the authorities had seen fit, to make the sinking-fund provisions under which the Civil War bonds were issued apply to those bonds. But what I am trying to avoid is just exactly what the Senator from Colorado has criticized. He is a member of the Finance Committee, and he knows that this bill provides for extending for 50 years the Spanish War bonds, which were issued 19 years ago, without any provision whatever for their payment. What I am trying to get Congress to do is to issue serial bonds, so that that indebtedness shall be paid within the next 20 years.

If I had full confidence in the sinking-fund methods followed in the past, I might be willing to compromise on that basis, although it would cost infinitely more, and I have no doubt the Senator's figures are correct, that the interest on the Civil War indebtedness would cost more than the entire indebtedness at the end of the war. I think it is very probable. I am surprised that it is not even greater than that; but this serial method of issuing bonds is the cheapest possible way to issue them, and it makes it obligatory on the national authority to pay the indebtedness when it comes due. How we can fail to take advantage of this situation, and start a method of issuing bonds for the Government which will be not only for the best interests of the Government but a really good example for every State and municipality in the country to follow, is beyond my comprehension. I am afraid that Senators on that side are not going to vote for that proposition, but I hope they may.

To continue, if an armor-plate plant is constructed—I hope it never will be—but if it is constructed there is no reason why the taxpayer of to-day should pay the entire cost, because that armor plant is going to be equally effective 15 or 20 years from now, and the payment for a permanent improvement like that should be distributed over a period well within the life of the object. That is simply an illustration—that and the Alaskan railroad—of these other purposes for which indebtedness is being incurred. I do not think that plan with reference to the indebtedness which is proposed in this bill for what is termed the Mexican situation is quite as legitimate. I am rather inclined to think that this generation, or the taxpayer of to-day, ought to suffer for the money that has been expended in connection with the Mexican situation. It may make him come to a clear realization of the series of mistakes which have been made for the past four years in everything which has related to handling affairs with our neighboring Republic.

In addition to those amendments, Mr. President, I want to offer one relating to the basis on which assessments shall be made. It is to amend Title II, as follows:

(a) By striking out the last three words of section 201 and by substituting therefor the following:

"Fair value of the capital stock of the company at the time of payment to be estimated as provided in section 407 of Title IV of the act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916."

In other words, we are providing in this bill a very different method for estimating the capitalization of a corporation from the provision in the act which we passed last September. If that is a fair basis for fixing valuations, I do not see why it is not a fair basis for fixing valuations under this law. If this is the correct basis to use, then that law should be amended so that the two shall conform. Otherwise it is going to make for uncertainty; it is going to increase the expense of handling the provisions of the law; it is in every way going to increase confusion, not only in bookkeeping methods but in the Government collecting the revenue under the two forms of legislation.

Mr. President, I am not going to discuss these amendments any further except to offer them and ask that they be pending, to be voted on when the unanimous-consent agreement becomes operative to-night.

Mr. CUMMINS. Mr. President, I desire to call the attention of the chairman of the Finance Committee to an amendment which was discussed to some extent several days ago and which is to be applied to the latter part of section 204. I understand that the amendment can not be offered technically at this time, but in order that it may appear in the RECORD I read it.

I move to amend section 204 by adding after the word "services," in the second line on page 6, the following:

Rendered by their members nor to corporations not organized for pecuniary profit to their members or shareholders, nor to lecture, lyceum, or chautauqua associations, and such lecture, lyceum, and chautauqua associations shall not be subject to the income tax imposed by the act approved September 8, 1916.

If this section were amended as I have proposed, the latter part of it would read:

And the tax imposed by this title shall not attach to incomes of partnerships or corporations derived exclusively from agriculture or from personal services rendered by their members, nor to corporations not organized for pecuniary profit to their members or shareholders, nor to lecture, lyceum, or chautauqua associations, and such lecture, lyceum, and chautauqua associations shall not be subject to the income tax imposed by the act approved September 8, 1916.

I find that my amendment is prepared for the section as it would be if the committee amendment had been adopted rather than as an amendment to the House text; but at any rate what I desire to do is to preserve the words "agriculture or from" in the House text and to add the provision that I have read.

I tried to point out yesterday the gross inequality of this particular part of the bill, and a few days ago it was pointed out that the language of the bill as it now is would be meaningless, because it was legally impossible for a corporation to render a personal service. I think the chairman of the committee at that time agreed that there should be added to the text the words "rendered by their members," but possibly he has thought better of it now.

Mr. SIMMONS. The words "or corporations" remain in the bill.

Mr. CUMMINS. Yes; I think the word "corporations" ought to remain in the bill. I hope the Senator from North Carolina has not reached the conclusion that the bill should not be amended to that extent. This is all I care to say about this amendment. When the time comes I shall offer it to be voted upon, recognizing that it can not be voted upon at this time.

I intend, Mr. President, to offer an amendment in the way of a new section, which, if I may be permitted to do it, I will have read from the desk for information.

The PRESIDING OFFICER (Mr. LEA of Tennessee in the chair). The Secretary will read the amendment.

Mr. CUMMINS. After it is read I intend to submit briefly some observations upon it.

The SECRETARY. Add a new section, as follows:

SEC. —. From and after the passage of this act, and taking effect at the times and under the conditions hereinafter provided, there shall be levied, collected, and paid upon every article imported into this country from any foreign country and which under an act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, is dutiable; and also upon every article imported into this country from any foreign country, and which under said act is admitted free of duty, and which the Tariff Board finds to be a competitive article and is or may be produced in this country in a substantial way, a duty equal to the difference between the cost of production at home and abroad.

The Tariff Board is hereby empowered and directed to proceed as rapidly as practicable in the investigation of this subject through the powers heretofore conferred upon it, holding such hearings and giving such notice to domestic producers, middlemen, and consumers as it may deem necessary in order to obtain complete information.

When the investigation as to any such article or schedule of articles is concluded, the board shall apply the rule above set forth and enter an order fixing the duty to be thereafter levied, collected, and paid upon the importation of any such article or articles. It shall thereupon transmit to the Secretary of the Treasury a certified copy of its order, and the Secretary of the Treasury shall immediately issue a bulletin notifying the trade thereof and fixing a date not less than 30 and not more than 120 days in the future at which the duty or duties so prescribed by the Tariff Board shall take effect. The board shall go forward in the performance of its work in this regard until it has covered the entire list of articles embraced in the said tariff law approved October 3, 1913.

The power to apply the said rule to importations shall be a continuing one, and, good cause appearing, it may at any time change any duties theretofore fixed to make them comply with the rule herein laid down; and all such orders shall be certified to the Secretary of the Treasury to be dealt with by him as hereinbefore provided.

The PRESIDING OFFICER. The Chair will state to the Senator that the amendment is in order if the Senator cares to have it voted on now.

Mr. CUMMINS. I assume it can not be voted upon now. I understand that the Senator from Wisconsin has offered an amendment, which is the pending question.

The PRESIDING OFFICER. The clerks at the desk did not so advise the Chair.

Mr. CUMMINS. If that is not the case, I would be glad to be advised.

The PRESIDING OFFICER. The Chair is advised that it was withdrawn temporarily by the Senator from Wisconsin.

Mr. CUMMINS. I am under the impression that the Senator from Wisconsin does not so understand the situation, but I may be in error about it.

The PRESIDING OFFICER. The present occupant of the chair was not in the chair when the Senator from Wisconsin finished and was merely advised by the clerks at the desk.

Mr. CUMMINS. I would not want a vote taken upon it until the Senator from Wisconsin is in the Chamber and his view of the situation on his own amendment can be known.

However, it is quite in order, I think, to submit with great brevity my views upon this very important matter. I first address myself to my Democratic friends, and I am glad that there are certain members of the Finance Committee here. I have no doubt that between now and the time at which a vote will be in order they will give this subject their careful if not prayerful consideration. I am addressing them now individually because it is quite likely that I can find as much comfort for this amendment and possibly as much support for it upon the Democratic side as I can find upon my own side.

This amendment proposes to put the composition of a tariff law in the hands of a tariff board, prescribing for the board a rule which is to guide it in determining the duty that is to be imposed upon any particular import. I believe it is the only way to compose a tariff statute. I do not believe there is information enough in Congress or can ever be given to Congress to enable it to deal intelligently with the subject.

There will come a time I am sure when the Democratic majority, even before it fades away, will seriously consider the rule that I have suggested. I venture the prediction that before one year has passed the ruler of your destinies will recommend to Congress the commission of this power to the tariff board under substantially the rule that I have laid down in this amendment. There will come a time when my Democratic friends will see the utter futility of regulating the imports that come into the United States in the haphazard way which must be pursued if each duty is to be determined upon the information which each Member of Congress may be able to gather with regard to that especial article.

Mr. HUGHES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from New Jersey?

Mr. CUMMINS. Certainly.

Mr. HUGHES. As I understand the Senator's amendment from hearing it read, it seems to clothe the tariff board to be appointed with the power to ascertain the difference in the cost of production between two articles, one produced here and the other abroad.

Mr. CUMMINS. That is the essential part of it.

Mr. HUGHES. I will say to the Senator that I have been a member of the Ways and Means Committee of the House, and am now a member of the Finance Committee of the Senate; I participated in a number of hearings, and I can not for the life of me comprehend how any body of men can possibly ascertain the difference between the cost of production of any commodity not only here and abroad but practically in factories in our own country. It might be able to ascertain what might be the cost of production in this country and what is the cost of production in a foreign country; but even with that information as to this country in their possession, and information with reference to foreign factories in their possession, how they could base a tariff rate on that information is quite beyond my comprehension.

Mr. CUMMINS. I do not conceal from myself that the problem of investigation is difficult. There are differences in the cost of production in factories or industries at home; there are differences abroad; but the rule that I have prescribed must necessarily receive this interpretation: The board would ascertain the general level of the cost of production of a particular article abroad, not the cost in any one factory or even in any one country; but there is ascertainable the general level of the cost of production in foreign countries, in manufactories, or in producing establishments efficiently managed. There is such a general level of cost in our own country, however widely the costs may vary as between two plants or two industries. I do not think, Mr. President, that the tariff board would have any very great difficulty in reaching a judicious and fair level in the ascertainment of that general difference. I desire to say to my Republican friends, those who are here, and there are not enough of them to make an inspiring audience——

Mr. CLARK. The presence in the Chamber is just equally divided between the two sides.

Mr. CUMMINS. I know that. I think there would be more of my Republican friends here if they believed there was any reasonable possibility that the amendment could receive the favor of the majority or even if they believed that there was any reasonable chance of the adoption of the amendment upon a vote of the Senate as a whole. But I desire to say to them that the rule I have laid down for the guidance of the tariff board in this amendment is the rule which was adopted by the Republican Party as a part of its platform in 1908. It is the true definition of the protective principle. It is the thing for which those of us who believe that there should be an equalization of the conditions of production at home and abroad through the medium of a tariff law, have stood for, and have fought for during these many years. I say to them that the Republican Party can never long remain in power under a tariff law constructed in the way in which tariff laws are constructed in Congress.

It is utterly impossible for a great body of men, however intelligent and however patriotic, to prepare and to pass a tariff law that will carry into effect the principle of protection. Individual influence, want of information, local pressure will in the end result in a tariff law that will impose upon very many articles a greater duty than they ought to bear, tested by any definition of protection that was ever advocated by any member of our party. It is for this reason that I believe that ultimately those who stand for the doctrine of protection in our country will be driven to a tariff law made in what I regard as a scientific way.

Seventy-five per cent—I think I might easily put the proportion higher—of the people of the United States believe in protection; 75 per cent of our intelligent voters, no matter whether they belong to the Republican Party or to the Democratic Party, believe that our people ought not to suffer the disadvantage and the disaster which come from unrestricted competition between our country and foreign countries. If these people could be made to understand that any given tariff law represented the protective principle, and represented nothing more, it would be utterly impossible to drive a party out of power which stood for that principle.

The difficulty is, Mr. President, that we come together in all good faith, with an earnest desire to do our duty, and we begin to prepare a tariff law. I am now assuming that the advocates of a protective system are in full power. The tariff law must embrace 6,000 or 7,000 different articles; it must arrange duties upon this great range of human activities. No matter how diligent we may be, we can not ascertain the duty which scientifically ought to be attached to each article in order to work out and insure the benefits of protection. The outcome is that we must accept the statements, the representations of interested producers. We must gather up in a blind way the facts which are necessary to be known in order to determine what the duties shall be.

We pass a law; a year or two then goes by and some one selects a half-dozen articles or a hundred of them in the tariff schedules and proceeds to show—as it has been shown a thousand times and as always can be shown with a tariff law so brought into existence—that the duties are very much higher than are necessary to protect the American producer; and very much higher, to the detriment of the American consumer.

What is the result? An army of discontent is recruited; an army of men who are determined at the first opportunity to repeal a tariff law containing the iniquities or inequalities or injustices of that character. So the party of protection is turned out of power and there comes in the party of that long discarded and completely overthrown fallacy called a tariff for revenue alone.

If, however, the party of protection could point to the work of a tariff board of scientific men proceeding upon the principle upon which a great majority of our people are united, an organization which stands for that doctrine could and would remain permanently in possession of the Government.

I have brought this amendment forward because it contains my own views with regard to the subject, and it sets forth the plan, and the only plan which in my judgment will result in a continuous tariff system which will adequately protect the American producer. I have not brought it forward with any sanguine expectation that it will meet with the favor of the Senate at this time; but I could not allow the opportunity to pass without placing upon the records of the Senate my long and confident belief that this is the way—and I am speaking now especially to those who believe in the protective doctrine—to make the protective doctrine the enduring policy of the United States.

RESTORATION OF ANNUITIES TO SIOUX INDIANS.

Mr. CLAPP. Mr. President——

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. CLAPP. If no Senator desires at this time to speak on the pending bill, I will ask unanimous consent to have laid before the Senate the conference report on Senate bill 135.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

Mr. REED. Mr. President, I desire to know if that will displace the revenue bill?

Mr. CLAPP. I ask unanimous consent. The conference report can not displace the revenue bill under the unanimous-consent agreement.

The PRESIDING OFFICER. Any Senator can call up the revenue bill at any time.

Mr. HUGHES. Any Senator can bring up the revenue measure.

Mr. REED. I am not familiar with the situation. I simply wanted to make sure that the revenue bill would not be displaced.

The PRESIDING OFFICER. The request of the Senator from Minnesota will not displace the revenue bill. Is there objection to the request?

There being no objection, the Presiding Officer laid before the Senate the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 135) for the restoration of annuities to the Medawakanton and Wahpakoota (Santee) Sioux Indians declared forfeited by the act of February 16, 1863.

The PRESIDING OFFICER. The conference report has heretofore been read. The question is on agreeing to the report.

The report was agreed to.

THE REVENUE BILL.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 20573) to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extension of fortifications, and for other purposes.

Mr. CURTIS obtained the floor.

Mr. CLAPP. Mr. President——

Mr. CURTIS. I yield to the Senator.

Mr. CLAPP. I was going to submit some remarks on the revenue bill.

Mr. CURTIS. I shall be very glad to have the Senator proceed.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. CLAPP. Mr. President, in this apparent period of cessation of hostilities, while the Senate is getting its dinner, I want to submit a few remarks in regard to the pending bill that they may go into the RECORD.

Mr. HUGHES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from New Jersey?

Mr. CLAPP. With pleasure.

Mr. HUGHES. I merely want to make a parliamentary inquiry. Is the revenue bill now before the Senate?

The PRESIDING OFFICER. The revenue bill is now before the Senate, as in Committee of the Whole.

Mr. CLAPP. I am addressing my remarks to that bill.

Mr. HUGHES. I wanted to make sure that it was before the Senate, so as to keep the record straight.

Mr. CLAPP. Mr. President, the pending bill is based on the policy of placing an added tax upon the earnings of corporations. I do not think anyone at all familiar with my course in the Senate would accuse me of being the special champion of corporations, but this effort to place this extra-profits tax on corporations instead of on the personal income of stockholders violates three cardinal, well-established, and long-advocated principles of the Democratic Party.

The Democratic Party has long fought a protective tariff upon the principle that a direct tax coming home to the taxpayer will enlist the interests of the taxpayer in the expenditure of the money derived from the taxation, while an indirect tax being unfelt, its expenditure is unnoticed, and there is a world of force in that argument. Many a man who has been a friend to protection has deplored the fact that a tax which comes indirectly, as it does under a protective tariff, leads to extravagant appropriations, because the taxpayer does not realize that the tax is paid, and consequently pays no attention to its expenditure. It is said that he only pays a part of the duty, but, whatever he pays, the criticism of the Democratic Party has been that, being paid without realizing that he is paying it, the taxpayer is not mindful of its expenditure.

Another principle that the Democratic Party has stood for has been that when it is possible to avoid it a tax ought not to be laid that can be passed over to the consumer. When a tax bill was pending before the Senate, I think in 1910, I opposed a similar tax as against an income tax, because it is so much easier for a corporation to pass the tax over to the consumer than it is for an individual to pass his income tax over to the consumer. In this respect this bill violates a principle that the Democratic Party has long stood for.

The Democratic Party has always stood for another principle, namely, that somewhere there should be a certain amount exempted from taxation. This principle does not rest, as a great many think it does, upon a sense of the necessity of taking care of those who only have a little; but, like the exemption from sale on execution for the collection of debt, it is based upon the principle that there may be a point in a man's affairs where it is more wise to relieve him from the burden of taxation than to force him to a condition where he becomes a public charge. That is the principle upon which exemption from taxation, the homestead exemption, and exemption from sale on execution are based. Under this system of putting the tax on the corporation instead of an income tax on the individual, the stockholder whose total income from his holdings of corporation stock may not amount to more than $500 is nevertheless compelled to pay his share of the tax, which the corporation pays before his dividend is paid to him, thus absolutely destroying as to the small stockholder that principle of exemption which all have advocated, and which the Democratic Party especially has ever stood for in its declarations.

Therefore, Mr. President, with reference to the advantage of a direct tax which brings to the attention of the taxpayer and makes of interest to him the question of what is done with the money which he pays in taxes, in reference to a principle of so applying the tax that it can not be passed over to the consumer, and in reference to the guaranteeing to the small holder some exemption from taxation, the tax against corporations, as distinguished from a tax upon the individual, is violative of these three principles for which the Democratic Party has ever stood.

Mr. JONES. Mr. President, the Senator from Oregon [Mr. CHAMBERLAIN] stated that he had intended to offer an amendment with reference to the shipment of fish from the Pacific coast, and especially from Alaskan waters. I had hoped he would offer this amendment. It is similar to one that was proposed to the revenue bill in the last session of Congress, and was favorably reported by the committee and made a part of that bill. It went into conference and was rejected there, and the session closed with charges of a Canadian lobby here in opposition to that amendment, and a committee was appointed to investigate it. No report has ever been made by that committee.

The situation is very serious on the Pacific coast, especially in connection with the Alaskan halibut fisheries; and I had very much hoped that we would be able to get this amendment on this bill. I appreciate, however, the circumstances and the reasons why the Senator from Oregon has decided not to propose the amendment. I should like to see results, I should like to have legislation, along those lines. I realize that we can not get it at this time in this bill under the conditions that exist, and therefore I shall not offer the amendment, but I hope the Senator from Oregon will find an opportunity to present that amendment before the session closes, although I very much fear that the opportunity will not present itself. I trust that in the near future, however, we will be able to get legislation along those lines. I know we can not get it now, and so I shall not embarrass the friends of this bill—many of whom are friends of the measure that was intended to be proposed by the Senator from Oregon—by asking for a vote upon it.

PENSION APPROPRIATIONS.

Mr. HUGHES. I ask unanimous consent that the pending measure be laid aside temporarily for the purpose of considering the general pension appropriation bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 20748) making appropriations for the payment of invalid and other pensions of the United States for the fiscal year ending June 30, 1918, and for other purposes.

Mr. HUGHES. I ask unanimous consent that the reading of the bill be dispensed with.

The PRESIDING OFFICER. Without objection, it will be so ordered.

Mr. HUGHES. The bill is reported from the committee without amendment and in the exact form in which it came from the House.

The PRESIDING OFFICER. Are there amendments to be proposed? If not, the bill will be reported to the Senate.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

PUBLIC SCHOOLS IN ALASKA.

Mr. JONES. Mr. President, before the unfinished business is laid before the Senate I wish to say that I have a bill here of about half a dozen lines that I am authorized by all the members of the Committee on Territories to report. It seems that under our laws the Assembly of the Territory of Alaska has no authority to appropriate any Territorial funds for the establishment and maintenance of public schools, and unless the legislature gets that authority the schools there will have to close. A similar bill has been reported favorably to the House. I ask unanimous consent to report this bill, and I also ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the bill will be reported.

Mr. JONES. I now ask unanimous consent for the present consideration of the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill? The Chair hears none.

The Senate, as in Committee of the Whole, proceeded to consider the bill (S. 8317) to authorize the Legislature of Alaska to establish and maintain schools, and for other purposes. It empowers the Legislature of Alaska to establish and maintain schools for white and colored children and children of mixed blood who lead a civilized life in said Territory and to make

appropriations of Territorial funds for that purpose; and all laws or parts of laws in conflict with this act are to that extent repealed.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

HAYS GASKILL.

Mr. CHILTON. Mr. President, I wonder if the Senate will indulge me to pass a little House bill which is on the calendar? It is Order of Business No. 1003.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. CURTIS. What is the bill?

Mr. HUGHES. Let us have the bill reported.

The PRESIDING OFFICER. The Secretary will state the title of the bill.

Mr. CHILTON. The bill has been favorably reported from the Military Affairs Committee.

The SECRETARY. Order of Business 1003, House bill 5948, for the relief of Hays Gaskill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. KENYON. Mr. President, I am not going to object to the consideration of this bill, but if we are going to indulge in passing a lot of bills here at this time I am going to commence to object. I shall not object to this one.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

THE REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 20573) to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications, and for other purposes.

Mr. CURTIS. Mr. President, I submit a protest signed by 152 policyholders which I ask to have read as a part of my remarks. I understand that the Senator from Illinois [Mr. SHERMAN] intends to offer an amendment on the subject, and I want to have this read before he offers his amendment.

The PRESIDING OFFICER. In the absence of objection, the Secretary will read as requested.

The Secretary read as follows:

TOPEKA, KANS., *January 29, 1917.*

To our United States Senators and Representatives in Congress:

The proposed Federal revenue measure applying to additional taxation of life insurance companies passed by House caucus last Friday night, January 26, is strongly opposed in Kansas, because all such taxation must be borne wholly by the policyholders, and if it becomes a law would be an unjust penalty imposed upon the sacred savings and thrift of our people. Kansas policyholders emphatically protest against passage of any such unfair legislation.

We, the undersigned, urge and entreat all Kansas Members of Congress to exert their utmost influence against such measure.

Mr. WARREN. Mr. President, I want to say to the Senator from Kansas that I am in receipt of similar expressions from Wyoming and some other States. They would feel greatly outraged if the proposed tax in this regard prevails.

Mr. CURTIS. Mr. President, the Senator from Illinois [Mr. SHERMAN] expects to offer an amendment on this subject; and as it is a very important one, I make the point of no quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Borah	James	Phelan	Thomas
Brady	Johnson, S. Dak.	Pittman	Thompson
Bryan	Jones	Ransdell	Tillman
Chamberlain	Kenyon	Reed	Underwood
Chilton	La Follette	Shafroth	Vardaman
Clark	Lea, Tenn.	Sheppard	Walsh
Curtis	Lee, Md.	Sherman	Warren
Fernald	Lewis	Shields	Watson
Fletcher	Martin, Va.	Simmons	Weeks
Hardwick	Newlands	Smith, Md.	Williams
Hollis	Norris	Smith, Mich.	
Hughes	O'Gorman	Sterling	
Husting	Page	Swanson	

The PRESIDING OFFICER. Forty-nine Senators having answered to their names, there is a quorum of the Senate present.

Mr. SHERMAN. I wish to submit an amendment, which I send to the desk and ask to have read.

The PRESIDING OFFICER. The Secretary will read the amendment.

The Secretary read the amendment, as follows:

Amend section 204 of Title II by inserting, after the word "sixteen," line 23, on page 5, the words "which shall hereafter include mutual life insurance companies not having capital stock nor stockholders, but which are conducted solely for the benefit of the policy-holding members thereof, and which annually abate, refund, or credit to individual policyholders all shares or allotments of the redundant or unused portions of the incomes of such companies," so that section 204 as amended shall read:

"SEC. 204. That corporations exempt from tax under the provisions of section 11 of Title I of such act approved September 8, 1916, which shall hereafter include mutual life insurance companies not having capital stock nor stockholders, but which are conducted solely for the benefit of the policy-holding members thereof, and which annually abate, refund, or credit to individual policyholders all shares or allotments of the redundant or unused portions of the incomes of such companies, and partnerships carrying on or doing the same business, shall be exempt from the provisions of this title, and the tax imposed by this title shall not attach to incomes of partnerships or corporations derived exclusively from personal services."

Mr. SHERMAN. This amendment, Mr. President, is designed to enlarge the exemptions granted in section 204, found on pages 5 and 6 of the printed bill. The exemptions provided in the bill are those found in the act of September 8, 1916. They ought properly to be enlarged so as to include the class of corporations mentioned in the amendment just offered and read.

There is a certain line of corporations universally recognized not to be for pecuniary gain. The subjects of taxation are the enterprises and the property devoted to financial gain. All of the State and local authorities levying taxes recognize the difference between undertakings for pecuniary gain and those not for pecuniary gain. The Government has recognized the same wise distinction. It has in part in this bill and in the act of September 8, 1916, to which this is amendatory, recognized that classification.

All of the property used for religious purposes is universally exempt by the laws both of States and of the Government. Properties used for charitable and eleemosynary purposes are exempt. Those used for educational purposes are universally exempt.

In more modern times, since the great variety of aids to earlier educational and charitable forms have grown up, the exemption has been continued or extended. Charity, both public and private, may be avoided, and the burdens are measurably diminished by decreasing the number to whom that charity is to be extended. Some of the best ways known to diminish the class receiving charity is to make possible the self-support, so that the number of the ones dependent upon the heads of families may be appreciably decreased.

The building and loan associations of the different States are an instance of the more modern corporation that has grown up. Their purposes are not for money making; they are to enable the heads of families who are without credit in a very large way, and without large savings, to own their own homes. The building and loan associations not only furnish the credit but give the time within which a person of limited earning power may discharge the indebtedness. They could not in the first instance borrow enough money to put up a house on the lot they are able to buy with their own means, since in the ordinary investment no person possessed of means would advance the money necessary to put it up on merely the security afforded by the lot. Still with the system of long-time payment provided in building and loan acts, they are given the credit and the improvement is made and paid out on small monthly payments. These corporations organized under the laws of the different States of the Union are universally exempt from taxation. I do not know of a single jurisdiction or taxing body of any kind that seeks to make them a source of revenue. Very wisely in the act of September 8, 1916, the Government has exempted them from income taxes or from corporation tax, franchise tax, or any of the several forms of taxation that ordinarily are imposed upon other corporations. This must be for the very evident purpose of decreasing the dependent class that otherwise might in many circumstances be made the recipient of public or private charity. The head of the family by being able to furnish a homestead contributes by that much to relieve the taxpayer or the possible public charity from this burden.

There is a variety of other methods that have been devised to accomplish the same purpose. They are in aid of these purposes. Among the earlier form was the fraternal insurance company or association. Many of those are largely fraternal in character, partaking very much of the nature of a secret organization. But they have attached to them all the principles of insurance. The only difference is that they are not possessed of the cash assets or resources that most ordinary insurance companies have. Some of them through the course of years have changed their method of doing business to a degree that they have a reserve and cash assets in various forms, in actual cash and in securities that are used to safeguard the contract. These are exempt from taxation likewise, and those exemptions are found in the act of September 8, 1916.

There is no difference in the practical effect of an insurance company that is mutual in plan and the fraternal. There is no difference in the beneficial effect of either a fraternal or a mutual company, a building and loan association, and a mutual savings bank without capital stock.

Under the law of many States of the Union such mutual savings banks are created. Their purpose is well known. They have no capital stock. They are not created for pecuniary gain. They are created to promote thrift in the neighborhood.

Some of them accumulate very large sums of money. If you were to look at their resources when their periodical statements are published, one would think they were possessed of great wealth. As a matter of fact, every mutual savings bank has no means, because its liabilities are equal to its resources. Therefore, the mutual savings bank is exempt from taxation along with the fraternal or assessment insurance companies.

When it comes, however, to a mutual insurance company that writes a policy and agrees to pay a fixed sum of money upon an event contingent, when there is no ritual, when the fraternal character of the companies does not exist, it seems that for some reason a distinction is drawn between that and other forms of insurance mutual in character and the other corporate enterprises that are purely helpful in their character, all of them designed to promote the same general purpose of the support of the dependent ones of a family.

The person of small means employs these agencies. Millionaires do not usually have recourse to them. They are all of them employed by the wage earner, the supporter, the breadwinner in the family. It does not make any difference whether it is a fraternal company or whether it is a mutual, the purposes all work out the same way.

The mutual company that writes a policy and agrees to pay a definite sum rather than to collect an assessment upon the happening of the contingency is discriminated against in this bill. It is singled out for taxation, and it is singled out in a very invidious way.

It is further provided in one of the sections of the bill, section 202, that the paid-in or earned surplus and undivided profits used or employed in the business shall be considered as a part of the taxable assets. Some remarks were made by the chairman of the Finance Committee, who has the bill in charge, that I think were based upon a misconception of what a life insurance company mutual in character is for. A mutual life company, like a paid-up capital stock company, either life or fire, is required at times to have a surplus. It might run along for several years and require no surplus, but a surplus is indispensable during a series of years because some event always happens, some unforeseen affair, an earthquake, a fire, or an epidemic, a depreciation in securities—some means always are found in the catalogue of human accidents by which a surplus becomes indispensable. A surplus is not merely accumulated in order to form the basis of somebody's fortune who is supposed to be a stockholder. A surplus may be indispensable in time of stress to keep the credit of the company good.

Every large mutual life insurance company in the United States finds it necessary to invest a portion of its resources in securities. These securities are mortgages, both on city property or farm property, bonds of various corporate undertakings. Bonds of an industrial character, the transportation world, the bonds of many municipalities, drainage districts, school districts, levee districts, county bonds, State bonds, and the bonds of a great variety of municipalities form the investment in which not only the legal reserve of the company is invested from time to time, but the surplus of the company is invested for a like purpose.

The surplus has an entirely distinct meaning and use from the cash reserve that is accumulated out of the annual savings of premiums and investments in interest-bearing securities. The surplus is intended to safeguard against accidents. The accidents may be of many kinds. In the great sum of securities in the published resources of a large mutual life insurance company are found many kinds that are subject to market fluctuation. I do not know a railway bond in this country that is not subject to fluctuation. Even the most conservatively managed railroad is subject to very wide fluctuation from year to year. If for a series of years some of the best transportation companies in the country are compared there will be found a very wide range of value. Take the Chicago, Burlington & Quincy bond, which is a very good illustration. Their bonds are found in the investment account of a number of the mutual life companies. They fluctuate. In the case of the Chicago & North Western, of the New York Central, of the Illinois Central, of every trunk-line road that runs into Chicago and out of it, with which I have had any acquaintance for the last 20 years, are naturally subject to market changes. It is the same way with many other bonds, especially the industrials.

When these fluctuations occur they mark a depreciation oftentimes of the cash reserve held to safeguard the policies. These depreciations, which are caused by market fluctuations, immediately call, by the insurance department, for some change and some means of supplying the shrinkage that occurs. The surplus of a mutual life insurance company which is invested in some form of stable securities may be called on to make good the depreciation of the reserve. That is why these relatively large surpluses are found, to discharge that function in the economy of a life insurance company. I make this answer in view of what was said some days ago in criticism of these various forms of surplus.

It will be remembered that this contingency reserve—and that is what the surplus is; it is a contingency reserve or surplus—is, in fact, demanded by the laws of the State, which require a company to stop business when its assets sink below its legal reserve. Its legal reserve investment may change from time to time. It changes in accordance with the fluctuations in the value of the securities, and there is no human power which can prevent it; there is no human mind which can foresee these changes which occur. You can not go out in the insurance world and write a policy guaranteeing you against the changes in stock markets or in the markets for investment securities, whether it be municipal bonds or any other security, clear on through the list to industrial and railway bonds. Because of the utter inability of an insurance company to guarantee itself against that contingency the insurance companies often carry a relatively large surplus. That surplus therefore is the means they have to defend themselves against the depreciation of their reserve so invested that stands back of their policyholders.

The Armstrong Committee law, as it is known in the insurance world because it came out of an investigation of a committee of that name in 1906, limited the surplus of life insurance companies from 20 per cent in small companies to 5 per cent in the large companies of the legal reserve; but the New York Legislature, which was in session a short time after that, almost immediately was obliged to modify that limitation in the large companies to 7½ per cent because of the financial depressions of 1907 following. That illustrates the utter inability of the legislators and sometimes the wisest financial minds in the investment departments or managerial departments of the large insurance companies to foresee the emergencies which require the use of a surplus to safeguard the reserve I have mentioned. As the result of that financial depression first-class bonds declined in market value 3 per cent. That may seem like a very small margin of decline, and it is until the principal begins to mount up into large amounts.

I have in mind a single mutual insurance company whose resources now run up into nearly $900,000,000. They have investments in every known form that is safe and regarded as a stable form of security in which the legal reserves for policyholders may be invested. Of their investments and of the nearly $900,000,000 of resources, a large part—the largest sums of their total resources—are invested in securities; and, almost without exception, every security that is quoted on the markets of the country is subject to the violation fluctuations I have named. A fluctuation, therefore, a depreciation of 3 per cent in the market value of bonds, would aggregate a very large sum of money, so large that the insurance authorities of the several States admitting a company to do business might in some cases require it to be supplied to make good the depreciation. This decline represented a change or a diminution, apparently, in the assets of the company of large resources in the aggregate, and the assets of all the life insurance companies affected in the same way ran up into a sum total of many millions of dollars, requiring the depreciation to be made good out of the surplus of the companies. That is why the surplus is carried. If it were not so, the companies must call upon each one of their policyholders for a further contribution. Since they are purely mutual, that is the only resource they have in an event of that kind. If they did not make good the depreciation in their reserve the company must stop writing business until a return tide in the stock market shall restore the values that had been lost. Much of this loss of market value still exists, although the securities are good, and all of them are paid at their maturity.

That, however, does not answer the immediate needs of the depreciation, which can only be done by furnishing additional security, and unless the stockholders are to be reassessed in a larger sum than originally when they paid their annual premiums, the only source of supply for the depreciation is the surplus carried by the company. That surplus is the sum that was made here the subject of some invidious criticism a few

days ago. This is a concrete instance, showing the necessity for maintaining an ample contingency surplus at all times.

We may now, on the brink of war, for instance, when the insurance companies may be called upon to meet new and extraordinary expenditures, consider the justice of such a method of doing business. The reserve will stand a very heavy strain, but it is within the limit of possibility that the contingent surplus will be called upon to assist in meeting these unusual conditions. Life insurance companies can not afford to take the slightest chance of being unprepared to meet any obligation or any financial condition which may present itself. Therefore the surplus which has been criticized adversely on the floor of the Senate is perhaps more urgently needed just at this juncture than it ever was before in the history of this country, at least since the Civil War.

We do not now know what unusual conditions in the near future may again drive down security values. All of these bonds that are quoted on the markets of the world may go up or they may go down, as favorable or adverse conditions may present themselves, and they furnish one of the great sources of investment for not only the surplus but for the cash reserves required by the insurance laws. When another prolonged and serious depression of values may occur no man can foretell. Life insurance companies guard against it by having an ample surplus to meet these emergencies whenever they arrive.

In view of these facts, I think it is fair that this answer be made to the criticism offered some days ago on this form of life insurance companies' assets, and in view of that I have offered this amendment.

Mr. LA FOLLETTE. Mr. President, I have discussed a number of my amendments, and I wish to conclude the discussion upon those amendments. I am not certain that the Vice President was in the Chair at the time I offered the amendments. I presented them together, 11 in number, and asked, or said I would ask, unanimous consent that they might be voted upon en bloc.

The VICE PRESIDENT. Does the Senator prefer that request now?

Mr. LA FOLLETTE. I think I afterwards said that at the conclusion of my remarks I would submit a request for unanimous consent to that effect. The chairman of the committee in charge of the bill expressed himself as agreeable to my proposition at the time, but——

The VICE PRESIDENT. The Chair was only inquiring, because if the Senator makes the request it is the duty of the Chair to ask whether there is any objection to it.

Mr. LA FOLLETTE. I understand that. I said at the time that after concluding my observations upon these amendments I would make a request for unanimous consent that they might be voted upon all together, in order that time should be saved in their disposition. I will conclude what I have to say upon them, and will then make that request. If it should be acceded to, I will then ask to have the vote taken upon all of these amendments together. If not, then upon the first one, which I shall present at that time.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. LA FOLLETTE. Yes.

Mr. NORRIS. Is the Senator making the request now for unanimous consent?

Mr. LA FOLLETTE. No; I am not making the request at this time, because I announced that I would complete the discussion of the amendments before making the request. I think the Senator from Connecticut [Mr. BRANDEGEE] made a suggestion that he preferred to know a little more about these amendments before acquiescing in the request for unanimous consent that they should be voted upon en bloc.

The second amendment which I offered, estimated to yield at least $100,000,000 in additional revenue, proposes to eliminate the present exemption from the normal income tax of the income derived by individuals from dividends of corporations.

Under the present law, individual taxpayers are allowed to deduct the amount received in dividends from stock companies, from their total income, in payment of the normal tax.

This is done presumably on the theory that if the individual were to pay his normal tax upon these dividends, it would amount to double taxation, since all corporations are taxed the amount of normal tax on their net incomes.

My amendment seeks to discontinue this allowance for the reason that the tax upon the net income of corporations has nothing to do with the tax paid by individuals. It may be recalled that the tax upon corporations was adopted by Congress in 1909, before the income-tax amendment to the Constitution had been adopted. It was made clear both by Congress and by the courts that the tax upon the net income of corporations is not an income tax but an excise tax for the privilege of doing an interstate business in a corporate capacity. There is no more reason for allowing this deduction than there would be for allowing a deduction from individual incomes of other taxes paid by corporations, such as taxes on real estate, taxes on munitions, on liquors, beers, and so forth. These taxes are deducted by the corporations themselves in determining their net income subject to the corporation tax. But they are not deducted by individual stockholders from their individual gross income. Why, then, should the tax on the net income of the corporations be deducted by the individual stockholders? There is no reason for it whatever, and no country, to my knowledge, allows such deduction under its income-tax laws. The adoption of this amendment would increase the revenues of the Government by at least $100,000,000. I arrive at this estimate in the following manner: The revenue from the 1 per cent tax on corporations in 1915 was $57,000,000, in round figures. At the present rate of 2 per cent, it would be double that amount, or $114,000,000. With the much greater profits made by corporations during the past year the revenue from this item of taxation will probably amount to about $150,000,000. It is safe to estimate that at least two-thirds of the dividends of the corporations are received by persons subject to the payment of income tax, making my estimate of $100,000,000 conservative.

I now present some arguments for the amendments which were offered and which were numbered 4, 5, and 6, relative to the inheritance tax. The bill before the Senate provides for a 50 per cent increase of the present estate tax, popularly known as the inheritance tax. It exempts from taxation the first $50,000 of the net value of all estates. I can see no reason for treating an income received through "gift, bequest, devise, or descent," in a manner different from incomes received from any other source. If it is right to tax a person upon an income of $100,000, which he receives from his business by investing and risking his capital and by using his own personal efforts, why should he be exempt from a tax on an equal amount when received as a gift or as an inheritance, through no effort or risk on the part of the beneficiary?

The income-tax law of the Civil War period did not exempt inheritances from the payment of the income tax, although the Commissioner of Internal Revenue decided at an early period—Third Internal Revenue, page 133—that legacies are not income, but that gifts of personal property may and should be so considered. If it be argued—as the commissioner did—that money thus received is not a regular income but constitutes a sudden increase of a person's capital, the same argument would apply to gifts which the Commissioner of Internal Revenue at that time did class with income, as well as to money gained through lucky speculation, or other irregular source of incomes, which, however, is not exempt from taxation under the present income-tax law.

If any distinction between ordinary income and inheritance is justifiable, it ought to be for the purpose of taxing the inheritance, especially large inheritances, a higher rate than income from other sources, except that a fairly liberal sum ought to be exempt from taxation when left to a widow and children under age. The bill before the Senate is a step in the right direction, in so far as it makes the tax upon estates come closer to the income tax than it is in the existing law. It still falls short of it, however, except that the highest rates of both the income tax and the estate tax are the same, viz, 15 per cent.

The amendments which I propose, if adopted, would result in the following changes:

First. It would subject all estates to the regular income tax, abolishing the distinction between an income received as a gift or inheritance and income from other sources.

Second. Estates not exceeding $50,000 would be exempt from the tax, provided they were left to a widow, or to minor children. In all other cases, the exemption would be the same as under the regular income tax, but no larger than that.

It is difficult to give an accurate estimate of the increase in revenue which would result from the adoption of the proposed amendments. Accepting the estimate of the Ways and Means Committee, which is indorsed by the Senate Committee on Finance, that the proposed estate tax would yield about $65,000,000, then it is a very conservative estimate that the estate tax under my amendments would result in additional revenue of at least $100,000,000.

I might say, Mr. President, in passing that the methods of taxing estates in Great Britain is as follows:

First. There is an estate duty, which is levied upon the estate of the decedent, and which varies from 1 per cent on estates exceeding $500 (£100) in value to 20 per cent on estates exceeding $5,000,00 (£1,000,000) in value.

Second. In addition to the estate tax, there are legacy and succession duties, which are levied upon the inheritance received

by the heirs or successors to the estate, and which are as follows:

One per cent upon the inheritance received by husband or wife, lineal descendants, and their wives or husbands; 5 per cent upon inheritances received by brothers and sisters of the deceased and their descendants; 10 per cent for all other persons.

I now present, Mr. President, the argument for my last amendment, numbered 11, when presented with the others; that is, that no deduction shall be allowed to corporations on account of interest paid on bonds.

The proposed amendment seeks to do away with the exemption of interest paid on bonds by corporations from the payment of the corporation tax on net income. This exemption was apparently allowed by analogy with incomes of individuals. While at first glance there seems to be no difference between the net income of a corporation and that of an individual, economic science has long established the difference between the two. An individual conducting a business and borrowing part of his working capital has his net income reduced by the amount of interest he has to pay on the borrowed capital. In the case of a corporation, however, the distinction between the capital it raises by the sale of stock and the capital it raises by the sale of bonds is more apparent than real. It is true that there is a legal distinction in the respective status of a bondholder and a stockholder, but from an economic standpoint there is no difference. Both the stockholder and the bondholder are persons contributing their respective shares of capital needed in the enterprise, and the net income of the corporation left after meeting current expenses is distributed among stockholders and bondholders.

Frequently bonds are sold with a bonus of stock and the same person is both stockholder and bondholder. In other words, he is both part owner and creditor of the business of the company.

When Andrew Carnegie refused to take stock in the newly forming United States Steel Corporation in payment for his mills, which were to be absorbed by the combination, and asked for bonds instead, he became a creditor of the Steel Corporation to the amount of $300,000,000 instead of a stockholder. Had he consented to accept stock, he would have received about $300,000,000 par value of preferred stock, with probably an equal amount of common as a bonus, upon all of which the Steel Corporation would be paying dividends equal to 7 per cent upon the preferred, or $21,000,000, and an average of 5 per cent on the common, or $15,000,000, a total of $36,000,000, as against the $15,000,000 he now receives as interest on his bonds. Barring the difference in the respective amounts of dividends and interest, there is no difference between the character of the two funds or as to their source. Both come out of the net earnings of the corporation after deducting operating expenses for its gross revenue. In either case they have to come out of the treasury of the company, except that bonds have this economic advantage, that they always carry a lower rate of interest than dividends upon the stock of the same company.

When the United States Steel Corporation in 1903 decided to convert $150,000,000 worth par value of 7 per cent cumulative preferred stock into an equal amount of 5 per cent second-mortgage bonds, as a means of saving $3,000,000 a year in guaranteed dividends, it at one stroke turned so many owners into creditors, so far as the legal distinction goes. If the present law levying taxes upon the net income of corporations had been in effect at that time the Steel Corporation would have by that operation withdrawn $10,500,000 of what were formerly annual dividends on the preferred stock, or, in other words, a part of its net income, from the payment of the tax. This amount of bonds is now paying $7,500,000 a year in interest. The $7,500,000 are escaping taxation under the law as it now stands.

Stocks are constantly exchanged for bond issues, and vice versa, according to whether it is desired to save annual dividends—the interest on bonds usually being less than stock dividends—or whether it is desired to free the company from bonded indebtedness, in order to strengthen its credit or raise the value of its stock in the stock market.

I therefore see no reason why, in the case of corporations, that part of the income which is paid out in the form of interest on bonds should be deducted from the amount of the net income subject to taxation any more than dividends, which are not allowed to be deducted under the present law, except in the case of corporations, which, owing to adverse conditions, are unable to meet the interest on their bonds; such corporations, however, would automatically be exempt from the payment of the tax under the amendment I propose, which calls for the payment of the tax on "interest paid on bonds." If a corporation has failed to pay any interest on bonds because it has not earned the money, it automatically escapes the payment of the tax.

It will be noted that the amendment exempts from the payment of the tax interest paid on current indebtedness, in which I include not only open loans from banks but notes issued for a term up to three years.

As a matter of historical reference it may be of interest to note that the act of June 30, 1864, provided in section 122, "a duty of 5 per cent on the amount of all interest of coupons, dividends, and profits whenever the same shall be payable" by railroad and water transportation companies. Evidently Congress at that time clearly understood that there was no economic difference, although there is a legal one between net earnings distributed as dividends and those distributed as profits. It is impossible to furnish an accurate estimate of the increase in revenue which would result from the adoption of the proposed amendment, for the reason that there is no information as to the total outstanding indebtedness of corporations. That is another point on which the statistics published by the Bureau of Internal Revenue are deficient.

Now, Mr. President, just a word on the publicity of tax returns, which is a matter embraced in amendments 8, 9, and 10, taken together.

It has been charged almost universally by writers on the subject that there has been gross evasion in the payment of the income tax. This charge is amply supported by official evidence, and in his last annual report the Secretary of the Treasury, quoting from a report of the Commissioner of Internal Revenue, says:

> Many inaccurate returns are made, some deliberately and some ignorantly, and there are, without doubt, wholesale evasions of the law throughout the country. The remedy for this is to clarify and strengthen the law where needed and to provide a larger and more effective field force for the investigation and checking up of the income-tax returns, and for the discovery of those who are liable for the tax and have failed to make returns.

Further on the Secretary of the Treasury says:

> The statement made in the annual report referred to above that it was certain that the Government was losing through inaccurate returns and evasions of the law a sum many times greater than the cost of the field force to investigate and check up the returns and bring to account those who are failing to make returns as required by law has been verified by the results of the investigations of the last year, during which $7,683,275.70 was added to the tax through the investigations of the revenue agents' force—

Inadequate, weak, as it is.

I am in sympathy with the Secretary's request for an increased and more efficient force—which is not made in this bill—no amount of investigation conducted by a force of clerks, which is all that the Secretary can engage with the salaries paid by the department to men who have to contend with the clever work of the most highly paid legal and accounting experts employed by big corporations and individual recipients of large incomes, will be able to cope adequately with the situation. The most potent factor under the circumstances is publicity of returns.

The income tax of the Civil War period yielded more than $73,000,000 in 1866, or more than we have so far collected under our present income-tax laws. This is ascribed chiefly to the fact that there was publicity of income-tax returns, secrecy of returns not having been specifically provided for until the adoption of the act of July 14, 1870, when the income tax was all but wiped out. When it was wiped out, Mr. President, then, as a still further protection to these people who were seeking to escape the last single cent of payment, the ban of secrecy was put upon the income-tax statute. There can be no legitimate argument for secrecy of income-tax returns. The argument usually employed—that it would jeopardize the business secrets of individual business men and corporations—is specious in the extreme. For there is hardly a corporation, or for that matter a business partnership or individual business, in the country upon which fairly accurate information can not be obtained through established credit agencies, like Dun's and Bradstreet's, which are open to anyone who is willing to pay for the information.

It will be noted that the amendment (8) to section 16 of the present law proposed by me would not authorize the Commissioner of Internal Revenue or any of the collectors to disclose any of the details of income-tax returns. All I propose to throw open to public inspection is the net amount of income returned as subject to taxation and the amount of tax paid.

The adoption of a policy of publicity would be in line with the publicity of local tax assessments, which is practically general in this country.

While I have no specific information on this point with regard to foreign countries, I know that in Germany the income-tax assessors' lists, as well as other tax lists, are published broadcast for general information.

Amendment 9 provides for amending section 14, paragraph (b), which already authorizes publicity with regard to returns of corporations, by striking out the words:

(b) When the assessment shall be made, as provided in this title, the returns, together with any corrections thereof which may have been made by the commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such: *Provided*, That the proper officers of any State imposing a general income tax may, upon the request of the governor thereof, have access to said returns or to an abstract thereof, showing the name and income of each such corporation, joint-stock company or association, or insurance company, at such times and in such manner as the Secretary of the Treasury may prescribe.

This amendment, together with an amendment to section 16, which amends section 3167, and also where it amends section 3176, the sections prohibiting the making public of income or corporation tax information, will result in adding many millions to the income tax. The amendment which should be made to section 3167 and section 3176 is to add a proviso at the end of each, as follows:

Provided, That there shall be open to public inspection at the office of the collectors of internal revenue, a list or lists, setting forth the net amount of taxable incomes and taxes paid thereon by every individual in their respective districts, and that copies of such lists shall likewise be open to public inspection at the office of the Commissioner of Internal Revenue at Washington, D. C.

The object of the amendment to section 8 (b) of the present law is the same as that of the amendment for publicity of returns, namely, to prevent fraudulent understatement of income by individuals. It makes it obligatory upon every individual in receipt of a gross income of $3,000 or over to make a return of his income to the Commissioner of Internal Revenue. This amendment has been advocated by many writers on the subject of the income tax, including the National Tax Association, which adopted a recommendation to that effect at its last annual meeting. The present law requires only such persons to file a return of their income as have a net income of $3,000 or over. Under this provision persons receiving larger incomes who assume, innocently or otherwise, that they are entitled to deductions and exemptions under the law, which would make their net income less than $3,000, refrain from filing returns with the Commissioner of Internal Revenue, and escape the payment of the tax, and in the absence of proof to the effect that the net income of such person is in excess of $3,000, the Commissioner of Internal Revenue has no power to compel such persons to file a return.

The adoption of the proposed amendment would make it obligatory on every person in receipt of a gross income in excess of $3,000 to file a return, and would enable the Collector of Internal Revenue to pass upon the correctness of the items which are claimed by the taxpayer to be entitled to exemption.

The adoption of this amendment and of the amendment requiring publicity of income-tax returns would, it is claimed by many writers and economists, result in an increase of revenue under the income-tax law to the extent of hundreds of millions of dollars.

From careful estimates, into which I have no time to go now, it is certain that at least half the taxable income now escapes taxation. While some writers claim that the extent of this evasion exceeds this amount several times, I take the conservative end of these estimates and assume that only one-half the taxable income now escapes taxation. As the total revenue which my rates would raise with the present methods of secrecy of returns is estimated to amount to $250,000,000, the adoption of the publicity amendments here proposed would result in bringing an additional amount of $250,000,000 into the Treasury.

Having demonstrated in detail how I propose to raise from $570,000,000 to $650,000,000 of additional revenue, which is in excess of the $528,000,000 which the Finance Committe proposes to raise by an excess profits tax and a bond issue, the next step is to adopt an amendment to strike out all of Title II in the bill, beginning on page 2, line 22, and ending on page 7, line 17, which provides for an excess profits tax; and to strike out section 400 of the bill, beginning on page 9, line 9, and ending on page 11, line 4, providing for a bond issue of $100,000,000, in addition to an issue of $222,000,000 of Panama Canal bonds.

The adoption of this group of amendments will obviate all necessity for the adoption of the excess profits tax and the bond issue.

The adoption of my amendment with respect to the income tax and applying the income-tax rates to estates will obviate the necessity of the excess profits tax. This excess profits tax can not be collected at all, or, if collected, it will be passed on to the consumers and will be used as an excuse to raise still higher the constantly mounting cost of living.

I contend that it will not be paid; but, if enacted into law, this provision will be used to inflate stock issues and will give to the monopolies that control all the necessities of life an additional excuse for the maintenance of the present high costs. They will justify the maintenance of these prices as necessary to pay dividends upon their inflated capitalizations.

The excess profits tax is unnecessary. The bond issue is unnecessary. We are faced with a situation where we must provide additional revenue to meet the mounting expenses of government. The great increase in the governmental expenditures is caused by the preparedness program, adopted by Congress one year ago, and which is being expanded in the bills that are now before the Senate and are coming on for consideration. This big Army and big Navy program was forced upon the country by the Navy League and the munition makers. The founders of the Navy League were the munition makers. These men and those who became associated with them in the big profits made out of furnishing materials for war financed the preparedness campaign in this country.

These men should be made to bear the burdens that they have imposed upon the country. No legislation such as is proposed here in this excess profits tax should be enacted. That legislation merely means that the burden will be passed on and that the people will pay it in increased prices, or by the maintenance of the present excessive prices.

The amendments which I have proposed will take care of these excessive and unwarranted expenditures, but they will take care of them in a way to compel the swollen fortunes of this country and not the common people to bear the burden.

Mr. President, I ask unanimous consent that the 11 amendments which I have proposed here, which are closely related to each other and which perhaps I ought to have presented connected with the remaining portions of the bill as a substitute bill, be voted upon en bloc.

Mr. NORRIS. Mr. President, I shall have to object to that request.

The VICE PRESIDENT. The hour of 8 o'clock has arrived, at which time, in accordance with the unanimous consent heretofore agreed to, the Senate will now "proceed to vote, without further debate, upon any amendment that may be pending, any amendment that may be offered, and upon the bill H. R. 20573, an act to provide increased revenue, and so forth, through the regular parliamentary stages to its final disposition."

The Secretary will state the first pending amendment.

Mr. LODGE. I suggest the absence of a quorum.

The VICE PRESIDENT. Of course, it is for the Senate to construe its own unanimous-consent agreement. The suggestion of the absence of a quorum is not voting.

Mr. SIMMONS. What is the statement of the Chair?

The VICE PRESIDENT. The Chair rules that the suggestion of the absence of a quorum is not in accordance with the unanimous-consent agreement to proceed to vote. There is a quorum here undoubtedly. The Secretary will state the first amendment, proposed by the Senator from Wisconsin [Mr. LA FOLLETTE].

The SECRETARY. Add after line 21, page 2, of the bill a new section, to be numbered section 2, and to read as follows:

SEC. 2. That section 1 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"SEC. 1. (a) That there shall be levied, assessed, collected, and paid annually upon the entire net income received in the preceding calendar year from all sources by every individual, a citizen or resident of the United States, a tax of 1 per cent upon the amount of such income if the income does not exceed $10,000; 2 per cent upon the amount of such income if the income exceeds $10,000 and does not exceed $20,000; 3 per cent upon the amount of such income if the income exceeds $20,000 and does not exceed $30,000; 4 per cent upon the amount of such income if the income exceeds $30,000 and does not exceed $40,000; 5 per cent upon the amount of such income if the income exceeds $40,000 and does not exceed $50,000; 6 per cent upon the amount of such income if the income exceeds $50,000 and does not exceed $75,000; 7 per cent upon the amount of such income if the income exceeds $75,000 and does not exceed $100,000; 8 per cent upon the amount of such income if the income exceeds $100,000 and does not exceed $150,000; 9 per cent upon the amount of such income if the income exceeds $150,000 and does not exceed $200,000; 10 per cent upon the amount of such income if the income exceeds $200,000 and does not exceed $250,000; 11 per cent upon the amount of such income if the income exceeds $250,000 and does not exceed $300,000; 12 per cent upon the amount of such income if the income exceeds $300,000 and does not exceed $400,000; 13 per cent upon the amount of such income if the income exceeds $400,000 and does not exceed $500,000; 14 per cent upon the amount of such income if the income exceeds $500,000 and does not exceed $600,000; 15 per cent upon the amount of such income if the income exceeds $600,000 and does not exceed $700,000; 16 per cent upon the amount of such income if the income exceeds $700,000 and does not exceed $800,000; 17 per cent upon the amount of such income if the income exceeds $800,000 and does not exceed $900,000; 18 per cent upon the amount of such income if the income exceeds $900,000 and does not exceed $1,000,000; 19 per cent upon the amount of such income if the income exceeds $1,000,000 and does not exceed $2,000,000; 20 per cent upon the amount of such income if the income exceeds $2,000,000 and does not exceed $3,000,000; 21 per cent upon the amount of such income if the income exceeds $3,000,000 and does not exceed $4,000,000; 22 per cent upon the amount of such in-

come if the income exceeds $4,000,000 and does not exceed $5,000,000; 23 per cent upon the amount of such income if the income exceeds $5,000,000 and does not exceed $6,000,000; 24 per cent upon the amount of such income if the income exceeds $6,000,000 and does not exceed $7,000,000; 25 per cent upon the amount of such income if the income exceeds $7,000,000.

"(b) A like tax shall be levied, assessed, collected, and paid annually upon the entire net income received in the preceding calendar year from all sources within the United States by every individual, a nonresident alien, including interest on bonds, notes, or other interest-bearing obligatons of residents, corporate or otherwise.

"(c) For the purpose of the income tax there shall be included as income the income derived from dividends on the capital stock or from the net earnings of any corporation, joint-stock company or association, or insurance company, except that in the case of nonresident aliens such income derived from the sources without the United States shall not be included.

"(d) The foregoing tax rates shall apply to the entire net income, except as hereinafter provided, received by every taxable person in the calendar year 1917 and in each calendar year thereafter."

Mr. SIMMONS. I should like to inquire who offered that amendment?

The VICE PRESIDENT. The Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. It is the first one of my amendments, I will say to the Senator from North Carolina, and if I can not have the privilege of offering the amendments together to be voted upon en bloc, I should like to offer them one after another. They will be gotten out of the way just as quickly.

Mr. SIMMONS. That course is perfectly satisfactory.

Mr. LA FOLLETTE. I wish to have them offered without any other amendments thrown in between, so that the RECORD will show the vote consecutively upon these amendments. It seems to me that is a reasonable request, and I hope Senators will not object.

Mr. SIMMONS. I do not object to that. I am perfectly willing that the Senate shall vote on all the amendments offered by the Senator from Wisconsin and that they shall now be taken up consecutively one after another.

Mr. LA FOLLETTE. I thank the Senator very much. I would prefer to have them voted upon en bloc, but some objection has been raised to that course.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

Mr. NORRIS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). I have a general pair with the Senator from New Mexico [Mr. FALL]. I transfer that pair to the Senator from Oklahoma [Mr. GORE] and vote "nay."

Mr. CURTIS (when Mr. GALLINGER's name was called). I desire to announce the unavoidable absence of the Senator from New Hampshire [Mr. GALLINGER]. He is paired with the senior Senator from New York [Mr. O'GORMAN]. I will let this announcement stand for the evening.

Mr. JOHNSON of Maine (when his name was called). I am paired with the junior Senator from North Dakota [Mr. GRONNA]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. O'GORMAN (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. GALLINGER], which I transfer to the senior Senator from Arizona [Mr. SMITH], and vote "nay."

Mr. OWEN (when his name was called). I inquire if the Senator from New Mexico [Mr. CATRON] has voted?

The VICE PRESIDENT. He has not.

Mr. OWEN. I withhold my vote for the present, being paired with that Senator.

Mr. STERLING (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH] and therefore withhold my vote.

Mr. CLARK (when Mr. STONE's name was called). I have a general pair with the senior Senator from Missouri [Mr. STONE]. I desire to announce that if he were present he would vote "nay."

Mr. WALSH (when his name was called). I inquire if the Senator from New Mexico [Mr. CATRON] has voted?

The VICE PRESIDENT. He has not.

Mr. WALSH. I have a pair with that Senator, and I withhold my vote.

The roll call was concluded.

Mr. CURTIS. I wish to announce the unavoidable absence of the junior Senator from North Dakota [Mr. GRONNA]. He is paired with the senior Senator from Maine [Mr. JOHNSON]. If the junior Senator from North Dakota were present, he authorized me to say that he would vote for each of the amendments offered by the Senator from Wisconsin. I will let this announcement stand for all the votes.

Mr. REED. I desire to announce the unavoidable absence of the Senator from Oklahoma [Mr. GORE] on account of illness.

Mr. HOLLIS (after having voted in the negative). When I voted I failed to notice the absence of the junior Senator from New York [Mr. WADSWORTH]. I have a pair with that Senator and therefore withdraw my vote.

The result was announced—yeas 23, nays 51, as follows:

YEAS—23.

Borah	Harding	McCumber	Sherman
Brady	Jones	McLean	Townsend
Clapp	Kenyon	Nelson	Watson
Cummins	La Follette	Norris	Weeks
Curtis	Lane	Page	Works
Fernald	Lodge	Poindexter	

NAYS—51.

Ashurst	Hitchcock	Newlands	Shields
Bankhead	Hughes	O'Gorman	Simmons
Beckham	Husting	Oliver	Smith, Ga.
Brandegee	James	Overman	Smith, Md.
Broussard	Johnson, Me.	Penrose	Smoot
Bryan	Johnson, S. Dak.	Phelan	Sutherland
Chamberlain	Kern	Pittman	Swanson
Chilton	Kirby	Pomerene	Thompson
Clark	Lea, Tenn.	Reed	Tillman
Colt	Lee, Md.	Robinson	Underwood
du Pont	Lewis	Saulsbury	Vardaman
Fletcher	Martin, Va.	Shafroth	Williams
Hardwick	Myers	Sheppard	

NOT VOTING—22.

Catron	Gore	Ransdell	Thomas
Culberson	Gronna	Smith, Ariz.	Wadsworth
Dillingham	Hollis	Smith, Mich.	Walsh
Fall	Lippitt	Smith, S. C.	Warren
Gallinger	Martine, N. J.	Sterling	
Goff	Owen	Stone	

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The Secretary will state the second amendment offered by the Senator from Wisconsin.

The SECRETARY. Add a new section to the bill, to be inserted before Title II, page 2, and which section shall read as follows:

SEC. 3. That section 5 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, be, and the same is hereby, amended by striking out clauses (b) and (c) of said section.

The VICE PRESIDENT. The question is on the amendment of the Senator from Wisconsin.

Mr. KENYON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). Making the same announcement of my pair and its transfer as before, I vote "nay."

Mr. CLARK (when his name was called). I have a general pair with the senior Senator from Missouri [Mr. STONE]. In his absence, I withhold my vote.

Mr. JOHNSON of Maine (when his name was called). I am paired with the junior Senator from North Dakota [Mr. GRONNA]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and vote. I vote "nay."

Mr. O'GORMAN (when his name was called). Making the same announcement respecting the transfer of my pair with the Senator from New Hampshire [Mr. GALLINGER], I vote "nay."

Mr. OWEN (when his name was called). I ask if the Senator from New Mexico [Mr. CATRON] has voted?

The VICE PRESIDENT. He has not.

Mr. OWEN. I withhold my vote, being paired with that Senator.

Mr. STERLING (when his name was called). Making the same announcement of my pair as before, I withhold my vote.

Mr. TILLMAN (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. GOFF] to the Senator from Oklahoma [Mr. GORE] and vote "nay."

Mr. WALSH (when his name was called). In the absence of the Senator from Rhode Island [Mr. LIPPITT], with whom I am paired, I withhold my vote.

The roll call having been concluded, the result was announced—yeas 24, nays 54, as follows:

YEAS—24.

Borah	Curtis	La Follette	Oliver
Brady	Dillingham	Lane	Page
Brandegee	Fernald	McCumber	Poindexter
Clapp	Harding	McLean	Sutherland
Colt	Jones	Nelson	Watson
Cummins	Kenyon	Norris	Works

NAYS—54.

Ashurst	du Pont	James	Lewis
Bankhead	Fletcher	Johnson, Me.	Lodge
Beckham	Hardwick	Johnson, S. Dak.	Martin, Va.
Broussard	Hitchcock	Kern	Myers
Bryan	Hollis	Kirby	Newlands
Chamberlain	Hughes	Lea, Tenn.	O'Gorman
Chilton	Husting	Lee, Md.	Overman

Phelan	Shafroth	Smoot	Vardaman
Pittman	Sheppard	Swanson	Wadsworth
Pomerene	Sherman	Thomas	Warren
Ransdell	Shields	Thompson	Weeks
Reed	Simmons	Tillman	Williams
Robinson	Smith, Ga.	Townsend	
Saulsbury	Smith, Md.	Underwood	

NOT VOTING—18.

Catron	Goff	Owen	Sterling
Clark	Gore	Penrose	Stone
Culberson	Gronna	Smith, Ariz.	Walsh
Fall	Lippitt	Smith, Mich.	
Gallinger	Martine, N. J.	Smith, S. C.	

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The Secretary will state the third amendment offered by the Senator from Wisconsin.

The SECRETARY. It is proposed to add a new section to the bill, to be inserted before Title II, page 2, and to read as follows:

SEC. 4. That section 7, paragraph (a), of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"SEC. 7. (a) That for the purpose of the normal tax only, there shall be allowed as an exemption in the nature of a deduction from the amount of the net income of each of said persons, ascertained as provided herein, the sum of $3,000, plus $1,000 additional if the person making the return be a head of a family or a married man with a wife living with him, or plus the sum of $1,000 additional if the person making the return be a married woman with a husband living with her; but in no event shall this additional exemption of $1,000 be deducted by both a husband and a wife: *Provided*, That only one deduction of $4,000 shall be made from the aggregate income of both husband and wife when living together: *Provided further*, That guardians or trustees shall be allowed to make this personal exemption as to income derived from the property of which such guardian or trustee has charge in favor of each ward or cestui que trust: *Provided further*, That in no event shall a ward or cestui que trust be allowed a greater personal exemption than $3,000, or, if married, $4,000, as provided in this paragraph, from the amount of net income received from all sources. There shall also be allowed an exemption from the amount of net income of estates of deceased persons during the period of administration or settlement, and of trust or other estates the income of which is not distributed annually or regularly under the provisions of paragraph (b), section 2, the sum of $3,000, including such deductions as are allowed under section 5: *Provided further*, That the above exemption shall apply only to incomes the net annual amount of which does not exceed $10,000."

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. NORRIS and Mr. JONES asked for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). Making the same announcement of my pair and its transfer, I vote "nay."

Mr. CLARK (when his name was called). Making the same announcement as to my pair as on the previous vote, I withhold my vote.

Mr. O'GORMAN (when his name was called). Making the same announcement as to my pair and its transfer as heretofore, I vote "nay."

Mr. STERLING (when his name was called). On account of my pair, previously announced, I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. JOHNSON of Maine. I transfer my pair with the Senator from North Dakota [Mr. GRONNA] to the Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. WALSH. I transfer my pair with the Senator from Rhode Island [Mr. LIPPITT] to the Senator from New Jersey [Mr. MARTINE] and vote "nay."

The result was announced—yeas 26, nays 49, as follows:

YEAS—26.

Borah	Dillingham	Lodge	Smoot
Brady	Fernald	McLean	Wadsworth
Brandegee	Harding	Nelson	Watson
Clapp	Jones	Norris	Weeks
Colt	Kenyon	Page	Works
Cummins	La Follette	Poindexter	
Curtis	Lane	Sherman	

NAYS—49.

Ashurst	James	Oliver	Smith, Md.
Beckham	Johnson, Me.	Overman	Sutherland
Broussard	Johnson, S. Dak.	Phelan	Swanson
Bryan	Kern	Pittman	Thompson
Chamberlain	Kirby	Pomerene	Tillman
Chilton	Lea, Tenn.	Reed	Underwood
du Pont	Lee, Md.	Robinson	Vardaman
Fletcher	Lewis	Saulsbury	Walsh
Hardwick	McCumber	Shafroth	Warren
Hitchcock	Martin, Va.	Sheppard	Williams
Hollis	Myers	Shields	
Hughes	Newlands	Simmons	
Husting	O'Gorman	Smith, Ga.	

NOT VOTING—21.

Bankhead	Goff	Penrose	Stone
Catron	Gore	Ransdell	Thomas
Clark	Gronna	Smith, Ariz.	Townsend
Culberson	Lippitt	Smith, Mich.	
Fall	Martine, N. J.	Smith, S. C.	
Gallinger	Owen	Sterling	

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The Secretary will state the next amendment proposed by the Senator from Wisconsin.

The SECRETARY. It is proposed to strike out all of section 300, beginning with line 24, page 7, down to and including line 2, page 9 of the bill, and insert:

SEC. 201. That the income tax (hereinafter in this title referred to as to the tax) on individuals provided for in section 1 of this act shall be levied, assessed, collected, and paid upon the value of the net estate, to be determined as provided in section 203, upon the transfer of the net estate of every decedent dying after the passage of this act, whether a resident or nonresident of the United States.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. CLAPP. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). I make the same announcement of my pair and its transfer as heretofore and vote "nay."

Mr. STERLING (when his name was called). Making the same announcement of my pair, I withhold my vote.

Mr. WALSH (when his name was called). I make the same transfer of my pair as announced on the preceding vote and vote "nay."

The roll call was concluded.

Mr. O'GORMAN. Making the same announcement as heretofore with respect to the transfer of my pair, I vote "nay."

Mr. JOHNSON of Maine. Making the same announcement as to the transfer of my pair as on the preceding vote, I vote "nay."

Mr. WILLIAMS (after having voted in the negative). My attention has just been called to the fact that the Senator from Pennsylvania [Mr. PENROSE] did not vote. I transfer my pair with that Senator to the Senator from Louisiana [Mr. RANSDELL], and will let my vote stand.

The result was announced—yeas 30, nays 48, as follows:

YEAS—30.

Borah	Fernald	McLean	Townsend
Brady	Harding	Nelson	Wadsworth
Brandegee	Jones	Norris	Warren
Clapp	Kenyon	Oliver	Watson
Colt	La Follette	Page	Weeks
Cummins	Lane	Poindexter	Works
Curtis	Lodge	Smoot	
Dillingham	McCumber	Sutherland	

NAYS—48.

Ashurst	Hughes	Newlands	Shields
Bankhead	Husting	O'Gorman	Simmons
Beckham	James	Overman	Smith, Ga.
Broussard	Johnson, Me.	Phelan	Smith, Md.
Bryan	Johnson, S. Dak.	Pittman	Swanson
Chamberlain	Kern	Pomerene	Thomas
Chilton	Kirby	Reed	Thompson
du Pont	Lea, Tenn.	Robinson	Tillman
Fletcher	Lee, Md.	Saulsbury	Underwood
Hardwick	Lewis	Shafroth	Vardaman
Hitchcock	Martin, Va.	Sheppard	Walsh
Hollis	Myers	Sherman	Williams

NOT VOTING—18.

Catron	Goff	Owen	Smith, S. C.
Clark	Gore	Penrose	Sterling
Culberson	Gronna	Ransdell	Stone
Fall	Lippitt	Smith, Ariz.	
Gallinger	Martine, N. J.	Smith, Mich.	

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The Secretary will state the next amendment offered by the Senator from Wisconsin.

The SECRETARY. At the end of Title III—Estate Tax, on page 9, after line 7, it is proposed to insert a new section to read as follows:

SEC. 302. That section 4 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"SEC. 4. The following income shall be exempt from the provisions of this title:

"The proceeds of life insurance policies paid to individual beneficiaries upon the death of the insured; the amount received by the insured, as a return of premium or premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon the surrender of the contract; interest upon the obligations of a State or any political subdivision thereof or upon the obligations of the United States or its possessions or securities issued under the provisions of the Federal farm-loan act of July 17, 1916; the compensation of the present President of the United States during the term for which he has been elected, and the judges of the Supreme and inferior courts of the United States now in office, and the compensation of all officers and employees of a State, or any political subdivision thereof, except when such compensation is paid by the United States Government.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

Mr. POINDEXTER. On that amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). Making the same announcement of my pair and its transfer, I vote "nay."

Mr. O'GORMAN (when his name was called). Making the same announcement of my pair and its transfer as previously, I vote "nay."

Mr. WALSH (when his name was called). Making the same transfer of my pair as announced on the preceding vote, I vote "nay."

The roll call was concluded.

Mr. CLARK. I have a general pair with the senior Senator from Missouri [Mr. STONE]. If he were present and I were allowed to vote, I should vote "yea."

Mr. CURTIS. I have been requested to announce the pair of the Senator from New Mexico [Mr. CATRON] with the Senator from Oklahoma [Mr. OWEN].

Mr. JOHNSON of Maine. Making the same transfer of my pair as on the last vote, I vote "nay."

Mr. WILLIAMS. I have a pair with the Senator from Pennsylvania [Mr. PENROSE], but I have an understanding with that Senator that for to-night I am free to vote. I therefore vote "nay."

The result was announced—yeas 29, nays 48, as follows:

YEAS—29.

Borah	Fernald	McLean	Wadsworth
Brady	Harding	Nelson	Warren
Brandegee	Jones	Norris	Watson
Clapp	Kenyon	Poindexter	Weeks
Colt	La Follette	Sherman	Works
Curtis	Lane	Smoot	
Dillingham	Lodge	Sutherland	
du Pont	McCumber	Townsend	

NAYS—48.

Ashurst	Husting	O'Gorman	Sheppard
Bankhead	James	Oliver	Shields
Beckham	Johnson, Me.	Overman	Simmons
Broussard	Johnson, S. Dak.	Page	Smith, Ga.
Bryan	Kern	Phelan	Smith, Md.
Chamberlain	Kirby	Pittman	Swanson
Chilton	Lea, Tenn.	Pomerene	Thompson
Fletcher	Lee, Md.	Ransdell	Tillman
Hardwick	Lewis	Reed	Underwood
Hitchcock	Martin, Va.	Robinson	Vardaman
Hollis	Myers	Saulsbury	Walsh
Hughes	Newlands	Shafroth	Williams

NOT VOTING—19.

Catron	Gallinger	Martine, N. J.	Smith, S. C.
Clark	Goff	Owen	Sterling
Culberson	Gore	Penrose	Stone
Cummins	Gronna	Smith, Ariz.	Thomas
Fall	Lippitt	Smith, Mich.	

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The Secretary will state the next amendment of the Senator from Wisconsin.

The SECRETARY. It is proposed to add at the end of Title III, "Estate tax," on page 9, following line 7, the following amendment:

SEC. 302. That section 203 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"SEC. 203. That for the purpose of the tax the value of the net estate shall be determined—

"(a) In the case of a resident, by deducting from the value of the gross estate—

"Such amounts for funeral expenses, administration expenses, claims against the estate, unpaid mortgages, losses incurred during the settlement of the estate arising from fires, storms, shipwreck, or other casualty, and from theft, when such losses are not compensated for by insurance or otherwise, support during the settlement of the estate of those dependent upon the decedent, and such other charges against the estate as are allowed by the laws of the jurisdiction, whether within or without the United States, under which the estate is being administered; and

"(b) In the case of a nonresident, by deducting from the value of that part of his gross estate which at the time of his death is situated in the United States that proportion of the deductions specified in paragraph (1) of subdivision (a) of this section which the value of such part bears to the value of his entire gross estate, wherever situated. But no deductions shall be allowed in the case of a nonresident unless the executor includes in the return required to be filed under section 205 the value at the time of his death of that part of the gross estate of the nonresident not situated in the United States.

"(c) If the net value of an estate after making the deductions allowed under clauses (a) and (b) of this section does not exceed $50,000, such estate shall be exempt from the tax provided for in section 201 if left to a widow or minor children."

The VICE PRESIDENT. The question is on the amendment.

Mr. WATSON. On that I call for the yeas and nays.

The yeas and nays were ordered, and the Secrertary proceeded to call the roll.

Mr. CHILTON (when his name was called). I make the same announcement of my pair and its transfer and vote "nay."

Mr. STERLING (when his name was called). On account of the pair formerly announced I withhold my vote.

Mr. WALSH (when his name was called). I again transfer my pair as announced on the preceding vote and vote "nay."

The roll call was concluded.

Mr. JOHNSON of Maine. Making the same transfer as before, I vote "nay."

The result was announced—yeas 28, nays 48, as follows:

YEAS—28.

Borah	Dillingham	Lane	Smoot
Brady	du Pont	Lodge	Sutherland
Brandegee	Fernald	McCumber	Wadsworth
Clapp	Harding	Norris	Warren
Colt	Jones	Page	Watson
Cummins	Kenyon	Poindexter	Weeks
Curtis	La Follette	Sherman	Works

NAYS—48.

Ashurst	Husting	O'Gorman	Shields
Bankhead	James	Oliver	Simmons
Beckham	Johnson, Me.	Overman	Smith, Ga.
Broussard	Johnson, S. Dak.	Phelan	Smith, Md.
Bryan	Kern	Pittman	Swanson
Chamberlain	Kirby	Pomerene	Thomas
Chilton	Lea, Tenn.	Ransdell	Thompson
Fletcher	Lee, Md.	Reed	Tillman
Hardwick	Lewis	Robinson	Underwood
Hitchcock	Martin, Va.	Saulsbury	Vardaman
Hollis	Myers	Shafroth	Walsh
Hughes	Newlands	Sheppard	Williams

NOT VOTING—20.

Catron	Goff	Martine, N. J.	Smith, Mich.
Clark	Gore	Nelson	Smith, S. C.
Culberson	Gronna	Owen	Sterling
Fall	Lippitt	Penrose	Stone
Gallinger	McLean	Smith, Ariz.	Townsend

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The Secretary will state the next amendment of the Senator from Wisconsin.

The SECRETARY. It is proposed to strike out all of section 400, in Title IV, Miscellaneous, in the following words:

TITLE IV.—MISCELLANEOUS.

SEC. 400. That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time such sums as in his judgment may be required to meet public expenditures on account of the Mexican situation, the construction of the armor-plate plant, the construction of the Alaskan Railway, and the purchase of the Danish West Indies, or to reimburse the Treasury for such expenditures, and to prepare and issue therefor bonds of the United States not exceeding in the aggregate $100,000,000, in such form as he may prescribe, bearing interest payable quarterly at a rate not exceeding 3 per cent per annum; and such bonds shall be payable, principal and interest, in United States gold coin of the present standard of value, and both principal and interest shall be exempt from all taxes or duties of the United States as well as from taxation in any form by or under State, municipal, or local authority, and shall not be receivable by the Treasurer of the United States as security for the issue of circulating notes to national banks: *Provided*, That such bonds may be disposed of by the Secretary of the Treasury at not less than par, under such regulations as he may prescribe, giving all citizens of the United States an equal opportunity to subscribe therefor, but no commissions shall be allowed or paid thereon; and a sum not exceeding one-tenth of 1 per cent of the amount of the bonds herein authorized is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expenses of preparing, advertising, and issuing the same: *And provided further*, That in addition to such issue of bonds, the Secretary of the Treasury may prepare and issue for the purposes specified in this section any portion of the bonds of the United States now available for issue under authority of section 39 of the act entitled "An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," approved August 5, 1909: *And provided further*, That the issue of bonds under authority of this act and any Panama Canal bonds hereafter issued under authority of section 39 of the act entitled "An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," approved August 5, 1909, shall be made redeemable and payable at such times within 50 years after the date of their issue as the Secretary of the Treasury, in his discretion, may deem advisable.

The VICE PRESIDENT. The question is on the amendment.

Mr. CURTIS. On that I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). I make the same announcement of my pair and its transfer as before and vote "nay."

Mr. OWEN (when his name was called). In the absence of my pair I withhold my vote.

Mr. STERLING (when his name was called). Making the same announcement as to my pair, I withhold my vote.

Mr. WALSH (when his name was called). Transferring my pair as announced on the previous vote, I vote "nay."

The roll call was concluded.

Mr. BRYAN. The junior Senator from Michigan [Mr. TOWNSEND] is absent on business of the Senate, and I am paired with him. I therefore withhold my vote.

Mr. BANKHEAD. I desire to announce that I have a pair with the Senator from Minnesota [Mr. CLAPP] on these amendments until the main question is reached.

The result was announced—yeas 31, nays 45, not voting 20, as follows:

YEAS—31.

Borah	Colt	du Pont	Kenyon
Brady	Cummins	Fernald	La Follette
Brandegee	Curtis	Harding	Lane
Clapp	Dillingham	Jones	Lodge

McCumber	Penrose	Smoot	Watson
Nelson	Poindexter	Sutherland	Weeks
Norris	Sherman	Wadsworth	Works
Page	Smith, Mich.	Warren	

NAYS—45.

Ashurst	James	Overman	Smith, Ga.
Bankhead	Johnson, Me.	Phelan	Smith, Md.
Beckham	Johnson, S. Dak.	Pittman	Swanson
Broussard	Kern	Pomerene	Thompson
Chamberlain	Kirby	Ransdell	Tillman
Chilton	Lea, Tenn.	Reed	Underwood
Fletcher	Lee, Md.	Robinson	Vardaman
Hardwick	Lewis	Saulsbury	Walsh
Hitchcock	Martin, Va.	Shafroth	Williams
Hollis	Myers	Sheppard	
Hughes	Newlands	Shields	
Husting	O'Gorman	Simmons	

NOT VOTING—20.

Bryan	Gallinger	McLean	Smith, S. C.
Catron	Goff	Martine, N. J.	Sterling
Clark	Gore	Oliver	Stone
Culberson	Gronna	Owen	Thomas
Fall	Lippitt	Smith, Ariz.	Townsend

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The Secretary will report the next amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

The SECRETARY. Amendment numbered 8, page 15, after line 2 add a new section, as follows:

SEC. 28. Amend paragraph (b) of section 14 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, to read as follows:

(b) When the assessment shall be made, as provided in this title, the returns, together with any corrections thereof which may have been made by the commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such: *Provided*, That the proper officers of any State imposing a general income tax may, upon the request of the governor thereof, have access to said returns or to an abstract thereof, showing the name and income of each such corporation, joint-stock company or association, or insurance company, at such times and in such manner as the Secretary of the Treasury may prescribe.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. HARDING. I ask for the yeas and nays.

The yeas and nays were ordered and the Secretary proceeded to call the roll.

Mr. SIMMONS (when Mr. BRYAN's name was called). I desire to announce that the Senator from Florida [Mr. BRYAN] is paired with the Senator from Michigan [Mr. TOWNSEND]. Both Senators are absent attending to business of the Senate.

Mr. CHILTON (when his name was called). I make the same announcement of my pair and its transfer as before, and vote "nay."

Mr. CLAPP (when his name was called). I have a general pair on this and some other amendments with the senior Senator from Alabama [Mr. BANKHEAD]. If at liberty to vote, I would vote "yea."

Mr. JOHNSON of Maine (when his name was called). I wish to announce that I am paired with the junior Senator from North Dakota [Mr. GRONNA] and I withhold my vote.

Mr. O'GORMAN (when his name was called). Making the same announcement of my pair and its transfer on all votes to-night, I vote "nay."

Mr. STERLING (when his name was called). I announce my pair with the Senator from South Carolina [Mr. SMITH] and withhold my vote.

Mr. WALSH (when his name was called). Making the same transfer of my pair as on the preceding vote, I vote "nay."

The roll call was concluded.

Mr. JOHNSON of Maine. I transfer my pair to the Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. OWEN. I announce my pair with the Senator from New Mexico [Mr. CATRON] and withhold my vote.

The result was announced—yeas 16, nays 55, as follows:

YEAS—16.

Borah	Fernald	La Follette	Norris
Brady	Husting	Lane	Page
Cummins	Jones	McCumber	Penrose
Curtis	Kenyon	Nelson	Poindexter

NAYS—55.

Ashurst	Hughes	Overman	Smith, Md.
Beckham	James	Phelan	Smoot
Brandegee	Johnson, Me.	Pittman	Sutherland
Broussard	Johnson, S. Dak.	Pomerene	Swanson
Chamberlain	Kern	Ransdell	Thompson
Chilton	Kirby	Reed	Tillman
Colt	Lee, Md.	Robinson	Underwood
Dillingham	Lewis	Saulsbury	Vardaman
du Pont	Lodge	Shafroth	Wadsworth
Fletcher	Martin, Va.	Sheppard	Walsh
Harding	Myers	Sherman	Warren
Hardwick	Newlands	Shields	Weeks
Hitchcock	O'Gorman	Simmons	Williams
Hollis	Oliver	Smith, Ga.	

NOT VOTING—25.

Bankhead	Gallinger	Martine, N. J.	Thomas
Bryan	Goff	Owen	Townsend
Catron	Gore	Smith, Ariz.	Watson
Clapp	Gronna	Smith, Mich.	Works
Clark	Lea, Tenn.	Smith, S. C.	
Culberson	Lippitt	Sterling	
Fall	McLean	Stone	

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The Secretary will state the next amendment.

The SECRETARY. Amendment numbered 9. At the same place in the bill, page 15, after line 2, add a new section, as follows:

SEC. 29. Amend section 3167 of the Revised Statutes of the United States, as amended by section 16 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, by adding thereto a new paragraph to read as follows:

"*Provided*, That there shall be open to public inspection at the office of the collectors of internal revenue, a list or lists, setting forth the net amount of taxable incomes and taxes paid thereon by every individual in their respective districts, and that copies of such lists shall likewise be open to public inspection at the office of the Commissioner of Internal Revenue at Washington, D. C."

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. WADSWORTH and Mr. BRADY called for the yeas and nays and they were ordered.

The Secretary proceeded to call the roll.

Mr. WALSH (when his name was called). I announce the same transfer of my pair as before and vote "nay."

The roll call was concluded.

Mr. CHILTON (after having voted in the negative). I wish to announce my pair and its transfer as on the former vote and I will let my vote stand.

The result was announced—yeas 15, nays 56, as follows:

YEAS—15.

Borah	Fernald	La Follette	Penrose
Brady	Husting	Lane	Poindexter
Cummins	Jones	Norris	Sherman
Curtis	Kenyon	Page	

NAYS—56.

Ashurst	Hughes	Newlands	Smith, Ga.
Beckham	James	O'Gorman	Smith, Md.
Brandegee	Johnson, Me.	Overman	Smoot
Broussard	Johnson, S. Dak.	Phelan	Sutherland
Chamberlain	Kern	Pittman	Swanson
Chilton	Kirby	Pomerene	Thompson
Colt	Lea, Tenn.	Ransdell	Tillman
Dillingham	Lee, Md.	Reed	Underwood
du Pont	Lewis	Robinson	Vardaman
Fletcher	Lodge	Saulsbury	Wadsworth
Harding	McCumber	Shafroth	Walsh
Hardwick	Martin, Va.	Sheppard	Warren
Hitchcock	Myers	Shields	Weeks
Hollis	Nelson	Simmons	Williams

NOT VOTING—25.

Bankhead	Gallinger	Oliver	Thomas
Bryan	Goff	Owen	Townsend
Catron	Gore	Smith, Ariz.	Watson
Clapp	Gronna	Smith, Mich.	Works
Clark	Lippitt	Smith, S. C.	
Culberson	McLean	Sterling	
Fall	Martine, N. J.	Stone	

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The Secretary will read the next amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE].

The SECRETARY. Amendment numbered 10. At the same place in the bill, page 15, after line 2, insert a new section to read as follows:

SEC. 28. That paragraph (b) of section 8 of an act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"(b) On or before the 1st day of March, 1917, and the 1st day of March in each year thereafter, a true and accurate return under oath shall be made by each person of lawful age, except as hereinafter provided, having a gross income of $3,000 or over for the taxable year to the collector of internal revenue for the district in which such person has his legal residence or principal place of business, or if there be no legal residence or place of business in the United States, then with the collector of internal revenue at Baltimore, Md., in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, setting forth specifically the gross amount of income from all separate sources, and from the total thereof deducting the aggregate items of allowances herein authorized: *Provided*, That the Commissioner of Internal Revenue shall have authority to grant a reasonable extension of time, in meritorious cases, for filing returns of income by persons residing or traveling abroad who are required to make and file returns of income and who are unable to file said returns on or before March 1 of each year: *Provided further*, That the aforesaid return may be made by an agent when by reason of illness, absence, or nonresidence the person liable for said return is unable to make and render the same, the agent assuming the responsibility of making the return and incurring penalties provided for erroneous, false, or fraudulent return."

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. NORRIS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. JOHNSON of Maine (when his name was called). I transfer my pair with the junior Senator from North Dakota [Mr. GRONNA] to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. STERLING (when his name was called). Again announcing my pair with the Senator from South Carolina [Mr. SMITH], I withhold my vote.

Mr. WALSH (when his name was called). I announce the transfer of my pair as before and vote "nay."

The roll call was concluded.

Mr. CHILTON. I make the same announcement of my pair and its transfer as before and vote "nay."

The result was announced—yeas 27, nays 44, as follows:

YEAS—27.

Borah	Fernald	Nelson	Smoot
Brady	Harding	Norris	Sutherland
Brandegee	Jones	Oliver	Wadsworth
Cummins	La Follette	Page	Warren
Curtis	Lane	Penrose	Watson
Dillingham	Lodge	Poindexter	Weeks
du Pont	McCumber	Sherman	

NAYS—44.

Ashurst	Husting	O'Gorman	Shields
Beckham	James	Overman	Simmons
Broussard	Johnson, Me.	Phelan	Smith, Ga.
Chamberlain	Johnson, S. Dak.	Pittman	Swanson
Chilton	Kern	Pomerene	Thomas
Colt	Kirby	Ransdell	Thompson
Fletcher	Lea, Tenn.	Reed	Tillman
Hardwick	Lee, Md.	Robinson	Underwood
Hitchcock	Lewis	Saulsbury	Vardaman
Hollis	Martin, Va.	Shafroth	Walsh
Hughes	Myers	Sheppard	Williams

NOT VOTING—25.

Bankhead	Gallinger	Martine, N. J.	Sterling
Bryan	Goff	Newlands	Stone
Catron	Gore	Owen	Townsend
Clapp	Gronna	Smith, Ariz.	Works
Clark	Kenyon	Smith, Md.	
Culberson	Lippitt	Smith, Mich.	
Fall	McLean	Smith, S. C.	

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The Secretary will state the next amendment proposed by the Senator from Wisconsin.

The SECRETARY. Amendment No. 11 is to add in the bill, at the same place, on page 15, after line 2, a new section, as follows:

SEC. 28. That paragraph 3 of section 12 (a) of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"Third. The amount of interest paid within the year on its current indebtedness, such as short-term notes, payable within a period not exceeding three years from the date of issue, and the like, but not interest paid on bonds and similar forms of long-term indebtedness: *Provided*, That in the case of bonds or other indebtedness, which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed, or any other tax paid pursuant to such guaranty, shall be allowed; and in the case of a bank, banking association, loan or trust company, interest paid within the year on deposits or on moneys received for investment and secured by interest-bearing certificates of indebtedness issued by such bank, banking association, loan or trust company."

And paragraph (b) 3, of section 12 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, be, and the same is hereby, amended to read as follows:

"Third. The amount of interest paid within the year on its current indebtedness, such as short-term notes, payable within a period not exceeding three years from the date of issue, and the like, incurred in the maintenance and operation of its business and property within the United States, but not interest paid on bonds and similar forms of long-term indebtedness: *Provided*, That in the case of bonds or other indebtedness which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed or any other tax paid pursuant to such guaranty shall be allowed; and in case of a bank, banking association, loan or trust company, or branch thereof, interest paid within the year on deposits by or on moneys received for investment from either citizens or residents of the United States and secured by interest-bearing certificates of indebtedness issued by such bank, banking association, loan or trust company, or branch thereof."

The VICE PRESIDENT. The question is on the amendment.

Mr. STERLING. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). I make the same announcement of my pair and its transfer as on the former vote and vote "nay."

Mr. JOHNSON of Maine (when his name was called). Making the same transfer of my pair as before, I vote "nay."

Mr. STERLING (when his name was called). Transferring my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from California [Mr. WORKS], I vote "yea."

Mr. WALSH (when his name was called). Mr. President, on all votes on this bill I desire to have it understood, without announcement, that I vote in virtue of the transfer of my pair with the Senator from Rhode Island [Mr. LIPPITT] to the Senator from New Jersey [Mr. MARTINE]. I vote "nay."

The roll call was concluded.

Mr. OWEN. In the absence of my pair, the Senator from New Mexico [Mr. CATRON], I withhold my vote.

The result was announced—yeas 26, nays 46, as follows:

YEAS—26.

Borah	Harding	Norris	Sterling
Brady	Jones	Oliver	Wadsworth
Cummins	Kenyon	Page	Warren
Curtis	La Follette	Penrose	Watson
Dillingham	Lane	Poindexter	Weeks
du Pont	Lodge	Sherman	
Fernald	Nelson	Smoot	

NAYS—46.

Ashurst	Husting	O'Gorman	Simmons
Beckham	James	Overman	Smith, Ga.
Brandegee	Johnson, Me.	Phelan	Smith, Md.
Broussard	Johnson, S. Dak.	Pittman	Swanson
Chamberlain	Kern	Pomerene	Thompson
Chilton	Kirby	Ransdell	Tillman
Colt	Lea, Tenn.	Reed	Underwood
Fletcher	Lee, Md.	Robinson	Vardaman
Hardwick	Lewis	Saulsbury	Walsh
Hitchcock	Martin, Va.	Shafroth	Williams
Hollis	Myers	Sheppard	
Hughes	Newlands	Shields	

NOT VOTING—24.

Bankhead	Fall	McCumber	Smith, S. C.
Bryan	Gallinger	McLean	Stone
Catron	Goff	Martine, N. J.	Sutherland
Clapp	Gore	Owen	Thomas
Clark	Gronna	Smith, Ariz.	Townsend
Culberson	Lippitt	Smith, Mich.	Works

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The bill is before the Senate, as in Committee of the Whole, and open to further amendment.

Mr. LODGE. I move the amendment at the bottom of page 4 section 203, which I explained this afternoon and sent to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 4, line 24, after the words "section 203," it is proposed to strike out the remainder of line 24, all of lines 25 and 26, on page 4, and all down to and including the words "this title," on line 4, page 5, and in lieu thereof to insert the following:

That the tax herein imposed upon corporations and partnerships shall be computed upon the basis of the income subject to the normal tax as shown by their income-tax returns under Title I of the act entitled "An act to increase the revenue, and for other purposes, approved September 8, 1916," or under this title, and that, for the purpose of computing said tax, corporations and partnerships shall be allowed a credit as provided by section 5, subdivision B, of said Title I, for their profits derived from dividends.

Mr. LODGE. On that amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

MR. CHILTON (when his name was called). Making the same announcement as heretofore of my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. CLARK. I have a general pair with the Senator from Missouri [Mr. STONE], who is absent. I am, however, free to vote on this amendment. If the Senator from Missouri were present, he would vote against all pending amendments and for the bill. I vote "yea."

Mr. SIMMONS. I desire to announce that the Senator from Florida [Mr. BRYAN] and the Senator from Michigan [Mr. TOWNSEND] are absent on account of business of the Senate, and are paired with each other.

Mr. JOHNSON of Maine. I announce the same transfer of my pair as before, and vote "nay."

The result was announced—yeas 28, nays 46, as follows:

YEAS—28.

Borah	du Pont	McLean	Sherman
Brady	Fernald	Nelson	Smith, Mich.
Brandegee	Harding	Norris	Smoot
Clark	Jones	Oliver	Sutherland
Colt	Kenyon	Page	Wadsworth
Curtis	Lodge	Penrose	Warren
Dillingham	McCumber	Poindexter	Watson

NAYS—46.

Ashurst	Johnson, Me.	Overman	Smith, Ga.
Beckham	Johnson, S. Dak.	Phelan	Smith, Md.
Broussard	Kern	Pittman	Swanson
Chamberlain	Kirby	Pomerene	Thomas
Chilton	Lane	Ransdell	Thompson
Fletcher	Lea, Tenn.	Reed	Tillman
Hardwick	Lee, Md.	Robinson	Underwood
Hitchcock	Lewis	Saulsbury	Vardaman
Hollis	Martin, Va.	Shafroth	Walsh
Hughes	Myers	Sheppard	Williams
Husting	Newlands	Shields	
James	O'Gorman	Simmons	

NOT VOTING—22.

Bankhead	Fall	Lippitt	Stone
Bryan	Gallinger	Martine, N. J.	Townsend
Catron	Goff	Owen	Weeks
Clapp	Gore	Smith, Ariz.	Works
Culberson	Gronna	Smith, S. C.	
Cummins	La Follette	Sterling	

So Mr. LODGE's amendment was rejected.

Mr. LODGE. Mr. President, I move the second amendment which I offered this afternoon, the effect of which is to add professional and personal services, on page 6. The Secretary has the amendment.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 5 it is proposed to amend section 204, as follows: On line 25, after the words "this title," strike out the remainder of the section and in lieu of the words stricken out insert the following words:

and the tax imposed by this title shall not attach to such part of the income of any partnership or corporation as is derived from agriculture or from personal or professional services.

Mr. LODGE. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). I make the same announcement of my pair and its transfer as before, and vote "nay."

Mr. JOHNSON of Maine (when his name was called). Making the same announcement of my pair as before, I vote "nay."

The roll call was concluded.

Mr. OWEN. In the absence of my pair I withhold my vote.

The result was announced—yeas 24, nays 53, as follows:

YEAS—24.

Brady	Dillingham	McLean	Smoot
Brandegee	du Pont	Nelson	Sutherland
Clark	Fernald	Oliver	Townsend
Colt	Kenyon	Penrose	Wadsworth
Cummins	La Follette	Sherman	Warren
Curtis	Lodge	Smith, Mich.	Works

NAYS—53.

Ashurst	Johnson, Me.	Overman	Smith, Ga.
Beckham	Johnson, S. Dak.	Page	Smith, Md.
Broussard	Kern	Phelan	Stone
Bryan	Kirby	Pittman	Swanson
Chamberlain	Lane	Poindexter	Thomas
Chilton	Lea, Tenn.	Pomerene	Thompson
Fletcher	Lee, Md.	Ransdell	Tillman
Harding	Lewis	Reed	Underwood
Hardwick	McCumber	Robinson	Vardaman
Hitchcock	Martin, Va.	Saulsbury	Walsh
Hollis	Myers	Shafroth	Williams
Hughes	Newlands	Sheppard	
Husting	Norris	Shields	
James	O'Gorman	Simmons	

NOT VOTING—19.

Bankhead	Fall	Jones	Smith, S. C.
Borah	Gallinger	Lippitt	Sterling
Catron	Goff	Martine, N. J.	Watson
Clapp	Gore	Owen	Weeks
Culberson	Gronna	Smith, Ariz.	

So Mr. LODGE's amendment was rejected.

Mr. LODGE. Mr. President, I now move the amendment which I send to the desk—the child-labor amendment.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add at the end of the bill the following:

Provided, That the highest rate of duty prescribed by the act entitled "An act to reduce tariff duties and to provide revenue for the Government," approved October 3, 1913, shall be assessed upon all articles of merchandise imported from foreign countries and entered for consumption in the United States which have not been produced or manufactured in accordance with the provisions set forth in the act entitled "An act to prevent interstate commerce in the products of child labor, and for other purposes," approved September 1, 1916.

Mr. LODGE. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. JOHNSON of Maine (when his name was called). Making the same announcement as before, I vote "nay."

Mr. STERLING (when his name was called). I again announce my pair. If at liberty to vote I would vote "yea."

Mr. CLARK (when Mr. STONE's name was called). The senior Senator from Missouri, with whom I have a pair, desires me to make the further announcement that he is engaged in the committee room of the Committee on Foreign Relations on important business of that committee, and that he will return to the Chamber only if it is necessary to maintain a quorum.

Mr. THOMAS (when his name was called). Has the senior Senator from North Dakota [Mr. MCCUMBER] voted?

The VICE PRESIDENT. He has not.

Mr. THOMAS. I am paired with that Senator, and therefore I withhold my vote.

The roll call was concluded.

Mr. STERLING. I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from California [Mr. WORKS] and vote "yea."

The result was announced—yeas 33, nays 44, as follows:

YEAS—33.

Borah	Fernald	Norris	Sutherland
Brady	Harding	Oliver	Townsend
Brandegee	Jones	Page	Wadsworth
Clark	Kenyon	Penrose	Warren
Colt	La Follette	Poindexter	Watson
Cummins	Lane	Sherman	Weeks
Curtis	Lodge	Smith, Mich.	
Dillingham	McLean	Smoot	
du Pont	Nelson	Sterling	

NAYS—44.

Ashurst	James	O'Gorman	Shields
Beckham	Johnson, Me.	Overman	Simmons
Broussard	Johnson, S. Dak.	Phelan	Smith, Ga.
Bryan	Kern	Pittman	Smith, Md.
Chamberlain	Kirby	Pomerene	Swanson
Chilton	Lea, Tenn.	Ransdell	Thompson
Fletcher	Lee, Md.	Reed	Tillman
Hardwick	Lewis	Robinson	Underwood
Hollis	Martin, Va.	Saulsbury	Vardaman
Hughes	Myers	Shafroth	Walsh
Husting	Newlands	Sheppard	Williams

NOT VOTING—19.

Bankhead	Gallinger	Lippitt	Smith, S. C.
Catron	Goff	McCumber	Stone
Clapp	Gore	Martine, N. J.	Thomas
Culberson	Gronna	Owen	Works
Fall	Hitchcock	Smith, Ariz.	

So Mr. LODGE's amendment was rejected.

Mr. POINDEXTER. I offer the following amendment.

The VICE PRESIDENT. The amendment will be read.

The SECRETARY. Insert at the end of the bill the following:

Any person carrying on or employed in interstate or foreign trade in any article suitable for human food who, either in his individual capacity or as an officer, agent, or employee of a corporation, or member of a partnership, carrying on or employed in such trade, shall store any such article for the purpose of cornering the market or affecting the market price thereof or for the purpose of limiting the supply thereof to the public, whether temporarily or otherwise, shall be deemed guilty of a felony and punished by imprisonment in the penitentiary for not less than six months nor more than three years.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Washington.

Mr. POINDEXTER. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. THOMAS (when his name was called). In the absence of my pair, I withhold my vote.

The roll call was concluded.

Mr. OWEN. In the absence of my pair, I withhold my vote.

The result was announced—yeas 27, nays 46, as follows:

YEAS—27.

Borah	Fernald	Oliver	Sutherland
Brady	Harding	Page	Townsend
Brandegee	Jones	Penrose	Wadsworth
Clark	Kenyon	Poindexter	Warren
Cummins	La Follette	Sherman	Watson
Curtis	McLean	Smith, Mich.	Weeks
Dillingham	Norris	Smoot	

NAYS—46.

Ashurst	Husting	O'Gorman	Simmons
Beckham	James	Overman	Smith, Ga.
Broussard	Johnson, Me.	Phelan	Smith, Md.
Bryan	Kern	Pittman	Swanson
Chamberlain	Kirby	Pomerene	Thompson
Chilton	Lane	Ransdell	Tillman
du Pont	Lea, Tenn.	Reed	Underwood
Fletcher	Lee, Md.	Robinson	Vardaman
Hardwick	Lewis	Saulsbury	Walsh
Hitchcock	Martin, Va.	Shafroth	Williams
Hollis	Myers	Sheppard	
Hughes	Newlands	Shields	

NOT VOTING—23.

Bankhead	Gallinger	Lodge	Smith, S. C.
Catron	Goff	McCumber	Sterling
Clapp	Gore	Martine, N. J.	Stone
Colt	Gronna	Nelson	Thomas
Culberson	Johnson, S. Dak.	Owen	Works
Fall	Lippitt	Smith, Ariz.	

So Mr. POINDEXTER's amendment was rejected.

Mr. WEEKS. I explained several amendments this afternoon, which I send to the desk. I ask that the one relating to the issuing of serial bonds on page 11, line 21, be read.

The VICE PRESIDENT. It will be read.

The SECRETARY. On page 11, line 21, after the word "authorized" strike out down to and including the words "per annum" on page 12, line 1, and insert the following additional proviso:

Provided further, That in lieu of any of the bonds provided for in this act the Secretary of the Treasury is hereby authorized to issue in his discretion serial bonds of the United States maturing in equal

amounts from 1 year from date of issue to 20 years from date of issue, bearing interest payable quarterly at a rate not exceeding 3 per cent per annum.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. WEEKS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. THOMAS (when his name was called). In the absence of my pair I withhold my vote.

The roll call was concluded.

Mr. OWEN. In the absence of my pair I withhold my vote, and I make this announcement for the subsequent votes.

The result was announced—yeas 30, nays 47, as follows:

YEAS—30.

Brady	Fall	Nelson	Sutherland
Brandegee	Fernald	Norris	Townsend
Clark	Harding	Oliver	Wadsworth
Colt	Jones	Page	Warren
Cummins	Kenyon	Penrose	Watson
Curtis	La Follette	Poindexter	Weeks
Dillingham	Lodge	Sherman	
du Pont	McLean	Smoot	

NAYS—47.

Ashurst	Husting	Newlands	Shields
Beckham	James	O'Gorman	Simmons
Borah	Johnson, Me.	Overman	Smith, Ga.
Broussard	Johnson, S. Dak.	Phelan	Smith, Md.
Bryan	Kern	Pittman	Swanson
Chamberlain	Kirby	Pomerene	Thompson
Chilton	Lane	Ransdell	Tillman
Fletcher	Lea, Tenn.	Reed	Underwood
Hardwick	Lee, Md.	Robinson	Vardaman
Hitchcock	Lewis	Saulsbury	Walsh
Hollis	Martin, Va.	Shafroth	Williams
Hughes	Myers	Sheppard	

NOT VOTING—19.

Bankhead	Goff	Martine, N. J.	Sterling
Catron	Gore	Owen	Stone
Clapp	Gronna	Smith, Ariz.	Thomas
Culberson	Lippitt	Smith, Mich.	Works
Gallinger	McCumber	Smith, S. C.	

So Mr. WEEKS's amendment was rejected.

Mr. WEEKS. I ask the Secretary to read the amendment relating to the same subject which makes it mandatory on the Secretary of the Treasury.

The VICE PRESIDENT. The amendment will be read.

The SECRETARY. In the proposed amendment of the committee inserting a new section to be known as section 401.

Page 11, line 21, after the word "authorized" strike out down to and including the words "per annum" on page 12, line 1, and insert the following additional proviso:

Provided further, That in lieu of any of the bonds provided for in this act the Secretary of the Treasury is hereby authorized and directed to issue serial bonds of the United States maturing in equal amounts from date of issue to 20 years from date of issue, bearing interest payable semiannually at a rate not exceeding 3 per cent per annum: *Provided further*, That the mandatory provision in this paragraph may be waived if the market conditions are such that the obtainable rate on serial bonds is more than one-fourth per cent per annum higher than on bonds of other forms of issue.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. WEEKS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. STERLING (when his name was called). I again announce my pair with the Senator from South Carolina [Mr. SMITH] and withhold my vote. If at liberty to vote, I would vote "yea."

Mr. THOMAS (when his name was called). In the absence of my pair I withhold my vote.

The roll call was concluded.

Mr. JOHNSON of Maine. I transfer my pair with the junior Senator from North Dakota [Mr. GRONNA] as before and vote "nay."

The result was announced—yeas 29, nays 46, as follows:

YEAS—29.

Brady	Fall	Norris	Townsend
Brandegee	Fernald	Oliver	Wadsworth
Clark	Harding	Page	Warren
Colt	Jones	Penrose	Watson
Cummins	Kenyon	Sherman	Weeks
Curtis	Lodge	Smith, Mich.	
Dillingham	McLean	Smoot	
du Pont	Nelson	Sutherland	

NAYS—46.

Ashurst	Hitchcock	Kirby	O'Gorman
Beckham	Hollis	Lane	Overman
Borah	Hughes	Lea, Tenn.	Phelan
Broussard	Husting	Lee, Md.	Pittman
Bryan	James	Lewis	Pomerene
Chamberlain	Johnson, Me.	Martin, Va.	Ransdell
Fletcher	Johnson, S. Dak.	Myers	Reed
Hardwick	Kern	Newlands	Robinson
Saulsbury	Simmons	Thompson	Walsh
Shafroth	Smith, Ga.	Tillman	Williams
Sheppard	Smith, Md.	Underwood	
Shields	Swanson	Vardaman	

NOT VOTING—21.

Bankhead	Goff	Martine, N. J.	Stone
Catron	Gore	Owen	Thomas
Chilton	Gronna	Poindexter	Works
Clapp	La Follette	Smith, Ariz.	
Culberson	Lippitt	Smith, S. C.	
Gallinger	McCumber	Sterling	

So Mr. WEEKS's amendment was rejected.

Mr. WEEKS. Mr. President, I ask that the Secretary report the amendment which I have offered relating to the exchange of bonds issued under the provisions of this bill for higher-rate bonds under certain conditions.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. After line 3, on page 13, it is proposed to add a new section:

SEC. 402. That the Secretary of the Treasury is hereby authorized, in his discretion, to convert any of the bonds issued under authority of this act or hereafter issued under authority of section 39 of the acts approved August 5, 1909, June 3, 1916, and September 7, 1916, into any bonds that may be issued by the United States under authority of any law that may be enacted on or before December 31, 1918, bearing a higher rate of interest than 3 per cent, and any bonds so issued because of such conversions shall be in addition to bonds authorized by such law, and a sum not exceeding one-fifth of 1 per cent of the amount of any bonds that may be converted is hereby appropriated out of any money in the Treasury not otherwise appropriated to pay the expenses of such conversions, the same to be expended as the Secretary of the Treasury may direct.

Mr. WEEKS. On that amendment I ask for the yeas and nays.

The yeas and nays were ordered; and being taken, resulted—yeas 24, nays 50, as follows:

YEAS—24.

Brandegee	du Pont	McCumber	Sherman
Clark	Fall	Nelson	Smoot
Colt	Fernald	Oliver	Sutherland
Cummins	Harding	Page	Wadsworth
Curtis	Jones	Penrose	Warren
Dillingham	Lodge	Poindexter	Weeks

NAYS—50.

Ashurst	James	Newlands	Simmons
Beckham	Johnson, Me.	O'Gorman	Smith, Ga.
Brady	Johnson, S. Dak.	Overman	Smith, Md.
Broussard	Kenyon	Phelan	Swanson
Bryan	Kern	Pittman	Thomas
Chamberlain	Kirby	Pomerene	Thompson
Chilton	Lane	Ransdell	Tillman
Fletcher	Lea, Tenn.	Reed	Underwood
Hardwick	Lee, Md.	Robinson	Vardaman
Hitchcock	Lewis	Saulsbury	Walsh
Hollis	McLean	Shafroth	Williams
Hughes	Martin, Va.	Sheppard	
Husting	Myers	Shields	

NOT VOTING—22.

Bankhead	Goff	Norris	Stone
Borah	Gore	Owen	Townsend
Catron	Gronna	Smith, Ariz.	Watson
Clapp	La Follette	Smith, Mich.	Works
Culberson	Lippitt	Smith, S. C.	
Gallinger	Martine, N. J.	Sterling	

So Mr. WEEKS's amendment was rejected.

Mr. WEEKS. Mr. President, I ask that the Secretary report my amendment relating to fixing valuation.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 4, in line 14, it is proposed to strike out the words "entire net income" and to insert in lieu the following:

fair value of the capital stock of the company at the time of payment to be estimated, as provided in section 407 of title 4 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916—

And to strike out all of section 202.

Mr. WEEKS. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered; and being taken, resulted—yeas 26, nays 52, as follows:

YEAS—26.

Brandegee	Fernald	Page	Wadsworth
Clark	Harding	Penrose	Warren
Colt	Jones	Poindexter	Watson
Curtis	Lodge	Sherman	Weeks
Dillingham	McCumber	Smoot	Works
du Pont	McLean	Sutherland	
Fall	Oliver	Townsend	

NAYS—52.

Ashurst	Fletcher	Kenyon	Newlands
Beckham	Hardwick	Kern	Norris
Borah	Hitchcock	Kirby	O'Gorman
Brady	Hollis	Lane	Overman
Broussard	Hughes	Lea, Tenn.	Phelan
Bryan	Husting	Lee, Md.	Pittman
Chamberlain	James	Lewis	Pomerene
Chilton	Johnson, Me.	Martin, Va.	Ransdell
Cummins	Johnson, S. Dak.	Myers	Reed

Robinson	Shields	Swanson	Underwood
Saulsbury	Simmons	Thomas	Vardaman
Shafroth	Smith, Ga.	Thompson	Walsh
Sheppard	Smith, Md.	Tillman	Williams

NOT VOTING—18.

Bankhead	Goff	Martine, N. J.	Smith, S. C.
Catron	Gore	Nelson	Sterling
Clapp	Gronna	Owen	Stone
Culberson	La Follette	Smith, Ariz.	
Gallinger	Lippitt	Smith, Mich.	

So the amendment of Mr. WEEKS was rejected.

Mr. WEEKS. I ask that the Secretary read the amendment which I have offered as a substitute for the bill.

The PRESIDING OFFICER (Mr. HUGHES in the chair). The Secretary will state the amendment.

The SECRETARY. It is proposed to strike out all after the enacting clause of the bill and insert in lieu the following:

That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time such sums as in his judgment may be required to meet public expenditures for the following purposes:

To provide a special preparedness fund not exceeding $400,000,000 to be used only for the expenditures incurred under the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916; the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916; and the act entitled "An act making appropriations for fortifications and other works of defense, for the armament thereof, for the procurement of heavy ordnance for trial and service, and for other purposes," approved July 6, 1916, or any other act or acts subsequent thereto making appropriations for Army, Navy, or fortification purposes;

On account of the Mexican situation, not exceeding $162,000,000;

For the construction of a nitrate plant, not exceeding $20,000,000;

For the construction of an armor-plate plant, not exceeding $11,000,000;

For the construction of the Alaskan Railway, not exceeding $35,000,000;

For the purchase of the Danish West Indies, not exceeding $25,000,000;

To carry out the provisions of the "act to establish a United States Shipping Board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States; and for other purposes," approved September 7, 1916, not exceeding $50,000,000;

For the refunding on or before August 1, 1918, of the bonds of the 3 per cent loan of 1908 to 1918, authorized by the act approved June 13, 1898, and then maturing, such proceeds to be applied to no other purpose, a sum not exceeding $63,945,460;

In all, $766,945,460; or to reimbuse the Treasury for such expenditures, and to prepare and issue therefor serial bonds of the United States maturing in equal amounts from 1 year from date of issue to 20 years from date of issue, bearing interest payable semiannually at a rate not exceeding 3½ per cent per annum; and such bonds shall be payable, principal and interest, in United States gold coin of the present standard of value, and both principal and interest shall be exempt from all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority, and shall not be receivable by the Treasurer of the United States as security for the issue of circulating notes to national banks: *Provided*, That such bonds may be disposed of by the Secretary of the Treasury at not less than par, under such regulations as he may prescribe, giving all citizens of the United States an equal opportunity to subscribe therefor, but no commission shall be allowed or paid thereon; and a sum not exceeding one-tenth of 1 per cent of the amount of the bonds herein authorized is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expenses of preparing, advertising, and issuing the same: *Provided further*, That the Secretary of the Treasury, in making up the annual estimates of appropriations for submission to Congress, is hereby directed to include therein the appropriation required to pay the interest on this issue of bonds and the appropriation required to pay the principal of such bonds as may mature during the year to which the estimates apply.

CERTIFICATES OF INDEBTEDNESS.

SEC. 2. That section 32 of an act entitled "An act providing ways and means to meet war expenditures, and for other purposes," approved June 13, 1898, as amended by section 40 of an act entitled "An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," approved August 5, 1909, be, and the same is hereby, amended to read as follows:

"SEC. 32. That the Secretary of the Treasury is authorized to borrow, from time to time, at a rate of interest not exceeding 3 per cent per annum, such sum or sums as, in his judgment, may be necessary to meet public expenditures, and to issue therefor certificates of indebtedness in such form and in such denominations as he may prescribe; and each certificate so issued shall be payable, with the interest accrued thereon, at such time, not exceeding one year from the date of its issue, as the Secretary of the Treasury may prescribe: *Provided*, That the sum of such certificates outstanding shall at no time exceed $500,000,000, and the provisions of existing law respecting counterfeiting and other fraudulent practices are hereby extended to the bonds and certificates of indebtedness authorized by this act."

MUNITIONS MANUFACTURERS' TAX.

SEC. 3. That Title III of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, be amended by striking out in paragraph 2 of section 301 the words "one year" and inserting in lieu thereof the words "six months," so that the subsection shall read as follows:

"2. This section shall cease to be of effect at the end of six months after the termination * * *."

The PRESIDING OFFICER. The question is on the amendment of the Senator from Massachusetts.

Mr. WEEKS. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

The roll call was concluded.

Mr. JOHNSON of Maine. I transfer my pair as before and vote "nay."

The result was announced—yeas 16, nays 58, as follows:

YEAS—16.

Brandegee	Fall	McCumber	Smoot
Clark	Fernald	Oliver	Sutherland
Colt	Harding	Page	Warren
du Pont	Lodge	Sherman	Weeks

NAYS—58.

Ashurst	James	O'Gorman	Smith, Ga.
Beckham	Johnson, Me.	Overman	Smith, Md.
Borah	Johnson, S. Dak.	Penrose	Swanson
Broussard	Jones	Phelan	Thomas
Bryan	Kenyon	Pittman	Thompson
Chamberlain	Kern	Poindexter	Tillman
Chilton	Kirby	Pomerene	Townsend
Cummins	Lane	Ransdell	Underwood
Curtis	Lea, Tenn.	Reed	Vardaman
Fletcher	Lee, Md.	Robinson	Wadsworth
Hardwick	Lewis	Saulsbury	Walsh
Hitchcock	Martin, Va.	Shafroth	Watson
Hollis	Myers	Sheppard	Williams
Hughes	Newlands	Shields	
Husting	Norris	Simmons	

NOT VOTING—22.

Bankhead	Gallinger	McLean	Smith, S. C.
Brady	Goff	Martine, N. J.	Sterling
Catron	Gore	Nelson	Stone
Clapp	Gronna	Owen	Works
Culberson	La Follette	Smith, Ariz.	
Dillingham	Lippitt	Smith, Mich.	

So Mr. WEEKS's amendment was rejected.

Mr. CUMMINS. Mr. President, I offer the amendment which I send to the desk; and I ask that in stating it the Secretary shall read the amendment as it will appear, if the amendment is adopted.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. It is proposed to add to line 2, page 6, the following:

nor to corporations not organized for pecuniary profit to their members or shareholders, nor to lecture, lyceum, or chautauqua associations; and such lecture, lyceum, and chautauqua associations shall not be subject to the income tax imposed by the act approved September 8, 1916.

So that if amended it will read:

SEC. 204. That corporations exempt from tax under the provisions of section 11 of Title I of the act approved September 8, 1916, and partnerships carrying on or doing the same business shall be exempt from the provisions of this title, and the tax imposed by this title shall not attach to incomes of partnerships derived from agriculture or from personal services, nor to corporations not engaged for pecuniary profit to their members or shareholders, nor to lecture, lyceum, or chautauqua associations; and such lecture, lyceum, and chautauqua associations shall not be subject to the income tax imposed by the act approved September 8, 1916.

Mr. CUMMINS. On the amendment I ask for the yeas and nays.

The yeas and nays were ordered; and being taken, resulted—yeas 24, nays 46, as follows:

YEAS—24.

Brandegee	Fall	Norris	Smoot
Colt	Fernald	Oliver	Townsend
Cummins	Harding	Page	Wadsworth
Curtis	Jones	Penrose	Warren
Dillingham	Kenyon	Poindexter	Watson
du Pont	Lodge	Sherman	Weeks

NAYS—46.

Ashurst	James	Newlands	Simmons
Beckham	Johnson, Me.	O'Gorman	Smith, Ga.
Broussard	Johnson, S. Dak.	Overman	Smith, Md.
Bryan	Kern	Phelan	Swanson
Chamberlain	Kirby	Pittman	Thomas
Chilton	Lane	Pomerene	Thompson
Fletcher	Lea, Tenn.	Ransdell	Tillman
Hardwick	Lee, Md.	Reed	Underwood
Hitchcock	Lewis	Robinson	Walsh
Hollis	McCumber	Shafroth	Williams
Hughes	Martin, Va.	Sheppard	
Husting	Myers	Shields	

NOT VOTING—26.

Bankhead	Gallinger	Martine, N. J.	Sterling
Borah	Goff	Nelson	Stone
Brady	Gore	Owen	Sutherland
Catron	Gronna	Saulsbury	Vardaman
Clapp	La Follette	Smith, Ariz.	Works
Clark	Lippitt	Smith, Mich.	
Culberson	McLean	Smith, S. C.	

So Mr. CUMMINS's amendment was rejected.

Mr. CUMMINS. I ask to have reported the amendment I presented this afternoon relating to the Tariff Board. It is already on the table.

The PRESIDING OFFICER. The Secretary will read the amendment.

The SECRETARY. Add a new section, as follows:

SEC. —. From and after the passage of this act, and taking effect at the times and under the conditions hereinafter provided, there shall be levied, collected, and paid upon every article imported into this country from any foreign country and which under an act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, is dutiable; and also upon every article imported into this country from any foreign country, and which under said act is admitted free of duty, and which the Tariff Board finds to be a competitive article and is or may be produced in this country in a substantial way, a duty equal to the difference between the cost of production at home and abroad.

The Tariff Board is hereby empowered and directed to proceed as rapidly as practicable in the investigation of this subject through the powers heretofore conferred upon it, holding such hearings and giving such notice to domestic producers, middlemen, and consumers as it may deem necessary in order to obtain complete information.

When the investigation as to any such article or schedule of articles is concluded, the board shall apply the rule above set forth and enter an order fixing the duty to be thereafter levied, collected, and paid upon the importation of any such article or articles. It shall thereupon transmit to the Secretary of the Treasury a certified copy of its order, and the Secretary of the Treasury shall immediately issue a bulletin notifying the trade thereof and fixing a date not less than 30 and not more than 120 days in the future at which the duty or duties so prescribed by the Tariff Board shall take effect. The board shall go forward in the performance of its work in this regard until it has covered the entire list of articles embraced in the said tariff law approved October 3, 1913.

The power to apply the said rule to importations shall be a continuing one, and, good cause appearing, it may at any time change any duties theretofore fixed to make them comply with the rule herein laid down; and all such orders shall be certified to the Secretary of the Treasury to be dealt with by him as hereinbefore provided.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Iowa.

The amendment was rejected.

Mr. OLIVER. I offer the following amendment.

The PRESIDING OFFICER. The Secretary will state it.

The SECRETARY. In section 204 strike out all after the word "to," in line 26, page 5, and insert:

Such part of the income of any partnership or corporation as is derived from agriculture or from personal or professional services.

Mr. OLIVER. I should like to have the section read as it would stand by the operation of my amendment.

The SECRETARY. So that section 204 will read:

That corporations exempt from tax under the provisions of section 11 of Title I of such acts approved September 8, 1916, and partnerships carrying on or doing the same business shall be exempt from the provisions of this title, and the tax imposed by the title shall not attach to such part of the income of any partnership or corporation as is derived from agriculture or from personal or professional services.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. OLIVER. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Colorado [Mr. THOMAS]. He being absent from the Chamber, I withhold my vote.

The roll call having been concluded, the result was announced—yeas 18, nays 51, as follows:

YEAS—18.

Brady	du Pont	Poindexter	Warren
Brandegee	Fernald	Sherman	Watson
Colt	Lodge	Smoot	Weeks
Curtis	Oliver	Sutherland	
Dillingham	Penrose	Wadsworth	

NAYS—51.

Ashurst	Johnson, Me.	Norris	Shields
Beckham	Johnson, S. Dak.	O'Gorman	Simmons
Broussard	Jones	Overman	Smith, Ga.
Bryan	Kenyon	Page	Smith, Md.
Chamberlain	Kern	Phelan	Swanson
Chilton	Kirby	Pittman	Thompson
Fletcher	Lane	Pomerene	Tillman
Harding	Lea, Tenn.	Ransdell	Townsend
Hardwick	Lee, Md.	Reed	Underwood
Hollis	Lewis	Robinson	Vardaman
Hughes	Martin, Va.	Saulsbury	Walsh
Husting	Myers	Shafroth	Williams
James	Newlands	Sheppard	

NOT VOTING—27.

Bankhead	Fall	Lippitt	Smith, Mich.
Borah	Gallinger	McCumber	Smith, S. C.
Catron	Goff	McLean	Sterling
Clapp	Gore	Martine, N. J.	Stone
Clark	Gronna	Nelson	Thomas
Culberson	Hitchcock	Owen	Works.
Cummins	La Follette	Smith, Ariz.	

So Mr. OLIVER's amendment was rejected.

The VICE PRESIDENT. The bill is in Committee of the Whole and open to further amendment.

Mr. SHERMAN. Before 8 o'clock this evening I offered an amendment to section 204, page 5, after the word "sixteen," in line 23. I ask that that amendment be now read.

The VICE PRESIDENT. It will be read.

The SECRETARY. Amend, section 204, page 5, after the word "sixteen," in line 23, by adding the words:

which shall hereafter include mutual life insurance companies not having capital stock nor stockholders, but which are conducted solely for the benefit of the policy-holding members thereof and which annually abate, refund, or credit to individual policyholders all shares or allotments of the redundant or unused portions of the incomes of such companies.

Mr. SHERMAN. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. McCUMBER (when his name was called). Announcing my pair as before, I withhold my vote.

The roll call was concluded.

Mr. HOLLIS (after having voted in the negative). I transfer my pair with the Senator from New York [Mr. WADSWORTH] to the Senator from Nebraska [Mr. HITCHCOCK] and allow my vote to stand.

Mr. JOHNSON of Maine. I transfer my pair as before and vote "nay."

The result was announced—yeas 28, nays 44, as follows:

YEAS—28.

Brady	du Pont	McLean	Smith, Mich.
Brandegee	Fernald	Norris	Smoot
Clark	Harding	Oliver	Sutherland
Colt	Jones	Page	Townsend
Cummins	Kenyon	Penrose	Warren
Curtis	La Follette	Poindexter	Watson
Dillingham	Lodge	Sherman	Weeks

NAYS—44.

Ashhurst	Johnson, Me.	O'Gorman	Shields
Beckham	Johnson, S. Dak.	Overman	Simmons
Broussard	Kern	Phelan	Smith, Ga.
Bryan	Kirby	Pittman	Smith, Md.
Chamberlain	Lane	Pomerene	Swanson
Fletcher	Lea, Tenn.	Ransdell	Thompson
Hardwick	Lee, Md.	Reed	Tillman
Hollis	Lewis	Robinson	Underwood
Hughes	Martin, Va.	Saulsbury	Vardaman
Husting	Myers	Shafroth	Walsh
James	Newlands	Sheppard	Williams

NOT VOTING—24.

Bankhead	Fall	Lippitt	Smith, S. C.
Borah	Gallinger	McCumber	Sterling
Catron	Goff	Martine, N. J.	Stone
Chilton	Gore	Nelson	Thomas
Clapp	Gronna	Owen	Wadsworth
Culberson	Hitchcock	Smith, Ariz.	Works

So Mr. SHERMAN's amendment was rejected.

Mr. SHERMAN. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. After line 8, on page 6, it is proposed to insert:

Such capital, when paid in property or money's worth, shall be the fair cash value of the property when used for the purposes which constitute the business of such corporation.

Mr. SHERMAN. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered; and being taken, resulted—yeas 23, nays 42, as follows:

YEAS—23.

Brandegee	Harding	Page	Townsend
Colt	Jones	Penrose	Wadsworth
Curtis	Kenyon	Poindexter	Warren
Dillingham	La Follette	Sherman	Watson
du Pont	Lodge	Smith, Mich.	Weeks
Fernald	Oliver	Smoot	

NAYS—42.

Ashurst	James	O'Gorman	Simmons
Beckham	Johnson, Me.	Overman	Smith, Ga.
Broussard	Johnson, S. Dak.	Phelan	Smith, Md.
Bryan	Kirby	Pittman	Swanson
Chamberlain	Lane	Pomerene	Thompson
Chilton	Lea, Tenn.	Ransdell	Underwood
Fletcher	Lee, Md.	Robinson	Vardaman
Hitchcock	Lewis	Saulsbury	Walsh
Hollis	Martin, Va.	Shafroth	Williams
Hughes	Myers	Sheppard	
Husting	Newlands	Shields	

NOT VOTING—31.

Bankhead	Fall	McCumber	Smith, S. C.
Borah	Gallinger	McLean	Sterling
Brady	Goff	Martine, N. J.	Stone
Catron	Gore	Nelson	Sutherland
Clapp	Gronna	Norris	Thomas
Clark	Hardwick	Owen	Tillman
Culberson	Kern	Reed	Works
Cummins	Lippitt	Smith, Ariz.	

So Mr. SHERMAN's amendment was rejected.

Mr. SHERMAN. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from Illinois will be stated.

The SECRETARY. After line 7, page 9, it is proposed to insert:

Provided, One-half of such estate tax shall be paid to the State under the laws of which the property of the estate shall vest.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Illinois.

Mr. SHERMAN and Mr. CURTIS called for the yeas and nays.

The yeas and nays were ordered and taken.

Mr. JOHNSON of Maine. I transfer my pair as before, and vote "nay."

The result was announced—yeas 19, nays 42, as follows:

YEAS—19.

Brandegee	Fernald	Page	Wadsworth
Colt	Harding	Penrose	Warren
Curtis	Jones	Poindexter	Watson
Dillingham	Kenyon	Sherman	Weeks
du Pont	Lodge	Smoot	

NAYS—42.

Ashurst	James	O'Gorman	Simmons
Beckham	Johnson, Me.	Overman	Smith, Ga.
Broussard	Johnson, S. Dak.	Phelan	Smith, Md.
Bryan	Kirby	Pittman	Swanson
Chamberlain	Lane	Pomerene	Thompson
Chilton	Lea, Tenn.	Ransdell	Underwood
Fletcher	Lee, Md.	Robinson	Vardaman
Hitchcock	Lewis	Saulsbury	Walsh
Hollis	Martin, Va.	Shafroth	Williams
Hughes	Myers	Sheppard	
Husting	Norris	Shields	

NOT VOTING—35.

Bankhead	Gallinger	McLean	Smith, S. C.
Borah	Goff	Martine, N. J.	Sterling
Brady	Gore	Nelson	Stone
Catron	Gronna	Newlands	Sutherland
Clapp	Hardwick	Oliver	Thomas
Clark	Kern	Owen	Tillman
Culberson	La Follette	Reed	Townsend
Cummins	Lippitt	Smith, Ariz.	Works
Fall	McCumber	Smith, Mich.	

So Mr. SHERMAN's amendment was rejected.

Mr. SHERMAN. I offer an amendment to come in on page 10 of the bill.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to amend by striking out, in line 4, page 10, the word "may" and inserting in lieu thereof the word "shall," and by inserting, in line 7, on page 10, after the word "therefor," the following:

If all or any part thereof shall not be subscribed when offered to the public the same may be otherwise disposed of by the Secretary of the Treasury in accordance with the provisions of this act.

The VICE PRESIDENT. The question is on the amendment of the Senator from Illinois.

Mr. SHERMAN. I call for the yeas and nays on the amendment.

The VICE PRESIDENT. Is the request for the yeas and nays seconded? [A pause.] The request for the yeas and nays is not seconded by one-fifth of those present. All those in favor of the amendment will say "aye"——

Mr. JONES. I should like to have the section read as it will be if amended.

The VICE PRESIDENT. The Secretary will state the provision as it will read if amended.

The Secretary read as follows:

SEC. 400. That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time such sums as in his judgment may be required to meet public expenditures on account of the Mexican situation, the construction of the armor-plate plant, the construction of the Alaskan Railway, and the purchase of the Danish West Indies, or to reimburse the Treasury for such expenditures, and to prepare and issue therefor bonds of the United States not exceeding in the aggregate $100,000,000, in such form as he may prescribe, bearing interest payable quarterly at a rate not exceeding 3 per cent per annum; and such bonds shall be payable, principal and interest, in United States gold coin of the present standard of value, and both principal and interest shall be exempt from all taxes or duties of the United States as well as from taxation in any form by or under State, municipal, or local authority, and shall not be receivable by the Treasurer of the United States as security for the issue of circulating notes to national banks: *Provided*, That such bonds shall be disposed of by the Secretary of the Treasury at not less than par, under such regulations as he may prescribe, giving all citizens of the United States an equal opportunity to subscribe therefor. If all or any part thereof shall not be subscribed when offered to the public, the same may be otherwise disposed of by the Secretary of the Treasury in accordance with the provisions of this act; but no commissions shall be allowed or paid thereon.

The VICE PRESIDENT. All in favor of the amendment will say "aye". [A pause.] Those opposed "no." [A pause.] The noes seem to have it; the noes have it; and the amendment is rejected.

The bill is before the Senate, as in Committee of the Whole, and open to further amendment.

Mr. SHERMAN. I offer the following amendment to come in on page 12.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to amend by striking out in line 10, page 12, the word "may" and inserting the word "shall," and inserting after the word "therefor," in line 14, the following——

Mr. BRANDEGEE. I ask for the yeas and nays.

The VICE PRESIDENT. That amendment has been passed on once. The Chair rules the amendment out. It is in exactly the same language as the amendment just voted upon.

Mr. SHERMAN. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 7, line 14, it is proposed to add the following:

Amend section 407 of the act of September 8, 1916, after the word "broker," in the second clause, by inserting the words "*Provided*, That no bank or banker shall be required to pay the special tax imposed herein."

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. CURTIS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. JOHNSON of Maine. I transfer my pair with the Senator from North Dakota [Mr. GRONNA] as before and vote "nay."

The result was announced—yeas 4, nays 63, as follows:

YEAS—4.

Brandegee	du Pont	Penrose	Sherman

NAYS—63.

Bankhead	Hughes	Norris	Smith, Ga.
Beckham	Husting	O'Gorman	Smith, Md.
Borah	James	Overman	Smoot
Broussard	Johnson, Me.	Page	Swanson
Bryan	Johnson, S. Dak.	Phelan	Thompson
Chamberlain	Jones	Pittman	Tillman
Chilton	Kenyon	Poindexter	Townsend
Clark	Kern	Pomerene	Underwood
Colt	Kirby	Ransdell	Vardaman
Cummins	Lane	Reed	Wadsworth
Dillingham	Lea, Tenn.	Robinson	Walsh
Fernald	Lee, Md.	Saulsbury	Warren
Fletcher	Lewis	Shafroth	Watson
Harding	Martin, Va.	Sheppard	Weeks
Hardwick	Myers	Shields	Williams
Hollis	Newlands	Simmons	

NOT VOTING—29.

Ashurst	Goff	McLean	Sterling
Brady	Gore	Martine, N. J.	Stone
Catron	Gronna	Nelson	Sutherland
Clapp	Hitchcock	Oliver	Thomas
Culberson	La Follette	Owen	Works
Curtis	Lippitt	Smith, Ariz.	
Fall	Lodge	Smith, Mich.	
Gallinger	McCumber	Smith, S. C.	

So Mr. SHERMAN's amendment was rejected.

Mr. BRANDEGEE. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 5, line 7, after the word "sixteen," it is proposed to insert:

Provided, That in case of life-insurance companies there shall not be included in the income used as a basis any sums apportioned or accruing to policyholders.

Mr. BRANDEGEE. This is the only amendment I shall offer, and I ask for the yeas and nays on it.

The yeas and nays were ordered; and being taken, resulted—yeas 28, nays 44, as follows:

YEAS—28.

Borah	Dillingham	Norris	Smoot
Brady	du Pont	Oliver	Townsend
Brandegee	Fall	Page	Wadsworth
Clark	Fernald	Penrose	Warren
Colt	Harding	Poindexter	Watson
Cummins	Jones	Sherman	Weeks
Curtis	Kenyon	Smith, Mich.	Works

NAYS—44.

Ashurst	Husting	Newlands	Shields
Beckham	James	O'Gorman	Simmons
Broussard	Kern	Overman	Smith, Ga.
Bryan	Kirby	Phelan	Smith, Md.
Chamberlain	Lane	Pittman	Swanson
Chilton	Lea, Tenn.	Ransdell	Thompson
Fletcher	Lee, Md.	Reed	Tillman
Hardwick	Lewis	Robinson	Underwood
Hitchcock	McLean	Saulsbury	Vardaman
Hollis	Martin, Va.	Shafroth	Walsh
Hughes	Myers	Sheppard	Williams

NOT VOTING—24.

Bankhead	Gore	Lodge	Smith, Ariz.
Catron	Gronna	McCumber	Smith, S. C.
Clapp	Johnson, Me.	Martine, N. J.	Sterling
Culberson	Johnson, S. Dak.	Nelson	Stone
Gallinger	La Follette	Owen	Sutherland
Goff	Lippitt	Pomerene	Thomas

So Mr. BRANDEGEE's amendment was rejected.

The VICE PRESIDENT. The bill is still in Committee of the Whole and open to further amendment. Is there any further amendment? [A pause.] If there be no further amendments to be proposed, the bill will be reported to the Senate.

The bill was reported to the Senate, as amended.

The VICE PRESIDENT. The question is on concurring in the amendments made as in Committee of the Whole.

Mr. SIMMONS. Mr. President, I ask for a yea-and-nay vote upon concurring in the amendments.

Mr. CURTIS. Mr. President, I think there was an amendment on page 3 that was reconsidered.

Mr. SMOOT. Yes; at the request of the Senator from North Dakota [Mr. McCUMBER.]

Mr. CURTIS. I think so. That is my recollection.

Mr. SIMMONS. What was that? I did not catch it.

Mr. CURTIS. There is an amendment not acted upon—the one in reference to insurance on page 3.

Mr. SMITH of Georgia. Well, then, that would not be involved in this question. If it was reconsidered, then it was not adopted.

Mr. CURTIS. It was not adopted.

Mr. SMOOT. No; it was passed over, I will say to the Senator from Georgia, at the request of the Senator from North Dakota.

Mr. LEWIS. The Senator means it was reserved, instead of reconsidered.

Mr. SMOOT. No; it was passed over. It was not acted upon.

The VICE PRESIDENT. Is anybody presenting it in Committee of the Whole?

Mr. SMOOT. It is a committee amendment. The question was on agreeing to the committee amendment.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, then.

Mr. SIMMONS. Mr. President, I have not presented that amendment on behalf of the committee.

Mr. SMOOT. Mr. President, this is what happened: When the bill was under consideration the amendment on page 3 of the bill was reached, and the Senator from North Carolina asked that the amendment be agreed to, and the Senator from North Dakota requested that the amendment go over, which was granted.

Mr. SIMMONS. What is the Senator asking?

Mr. SMOOT. I suppose, of course, there will have to be some action taken upon that amendment at this time.

Mr. SIMMONS. I do not think that is necessary at all. I am not offering the amendment. I am not asking for the adoption of the amendment.

The VICE PRESIDENT. Well, this is the situation: It must either be voted upon or withdrawn by the committee.

Mr. SMOOT. That is all there is to it.

Mr. SIMMONS. I withdraw the amendment, Mr. President.

The VICE PRESIDENT. Very well; then it is withdrawn. Now the question is, Shall the amendments made as in Committee of the Whole be concurred in? Upon that the Senator from North Carolina asks for the yeas and nays. Is the request seconded?

The yeas and nays were ordered.

Mr. SMOOT. Mr. President, is the bill now in the Senate?

The VICE PRESIDENT. It is. We are now voting upon the question of concurring in the amendments made as in Committee of the Whole.

Mr. SMOOT. In the Committee of the Whole?

The VICE PRESIDENT. Yes.

Mr. SIMMONS. The bill is now in the Senate, as I understand.

Mr. JONES. I ask for a separate vote on each amendment, Mr. President. However, I will not do that.

The VICE PRESIDENT. The Chair is of the opinion that in order to ask for a separate vote on each amendment it must be reserved in the Committee of the Whole.

Mr. JAMES. The Senator from Washington withdraws that request, so that is not at issue.

Mr. SMITH of Maryland. He has withdrawn it.

The VICE PRESIDENT. Does the Senator withdraw the demand for a separate vote?

Mr. JONES. Yes; I withdraw the demand for a separate vote.

The VICE PRESIDENT. The yeas and nays have been ordered. The question is on concurring in the amendments made as in Committee of the Whole. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. JOHNSON of Maine (when his name was called). I transfer my pair with the Senator from North Dakota [Mr. GRONNA] to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

The roll call was concluded.

Mr. NORRIS. I desire to be counted present.

Mr. LA FOLLETTE, Mr. CUMMINS, Mr. JONES, Mr. CURTIS, Mr. FERNALD, Mr. SMOOT, Mr. WATSON, Mr. McCUMBER, and Mr. BRADY answered "Present."

The result was announced—yeas 0, nays 53, as follows:

NAYS—53.

Ashurst	Hardwick	Martin, Va.	Shields
Bankhead	Hitchcock	Myers	Simmons
Beckham	Hollis	Newlands	Smith, Ga.
Borah	Hughes	O'Gorman	Smith, Md.
Broussard	Husting	Overman	Stone
Bryan	James	Phelan	Swanson
Chamberlain	Johnson, Me.	Pittman	Thompson
Chilton	Johnson, S. D.	Pomerene	Tillman
Clapp	Kern	Ransdell	Underwood
Colt	Kirby	Reed	Walsh
Cummins	Lane	Robinson	Williams
du Pont	Lea, Tenn.	Saulsbury	
Fall	Lee, Md.	Shafroth	
Fletcher	Lewis	Sheppard	

NOT VOTING—43.

Brady	Gronna	Norris	Sterling
Brandegee	Harding	Oliver	Sutherland
Catron	Jones	Owen	Thomas
Clark	Kenyon	Page	Townsend
Culberson	La Follette	Penrose	Vardaman
Curtis	Lippitt	Poindexter	Wadsworth
Dillingham	Lodge	Sherman	Warren
Fernald	McCumber	Smith, Ariz	Watson
Gallinger	McLean	Smith, Mich.	Weeks
Goff	Martine, N. J.	Smith, S. C.	Works
Gore	Nelson	Smoot	

So the Senate refused to concur in the amendments made as in Committee of the Whole.

The VICE PRESIDENT. The bill is in the Senate and open to amendment.

Mr. PENROSE. I offer the following motion to recommit, which I ask to have read, and on which I desire to have the yeas and nays taken.

The Secretary read as follows:

That the bill be recommitted to the Committee on Finance, with instructions to amend the bill so as to raise an equitable portion of the required revenue from a protective tariff "sufficient to protect adequately American industry and American labor, and to be so adjusted as to prevent undue exactions by monopolies or trusts"; and with further instructions to the Committee on Finance to give special attention to securing the industrial independence of the United States, to the end that "our industries can be so organized that they will become not only a commercial bulwark but a powerful aid to national defense"; and that the bill be further amended so as to require the tariff commission to report the difference in wages and the cost of production between foreign countries and the United States.

Mr. PENROSE. I ask for the yeas and nays.

Mr. SIMMONS. I make the point of order that under the unanimous consent that motion is not in order.

Mr. PENROSE. Why is it not?

Mr. SIMMONS. It is not an amendment to the bill.

Mr. PENROSE. It is one of the parliamentary stages to which the bill is open.

The VICE PRESIDENT. The Chair rules that it is not a parliamentary motion which leads to the final disposition of the bill.

Mr. PENROSE. Then I will ask permission to amend it by adding before the words "with further instructions" the words "That the Finance Committee shall be instructed to report the bill at the first session of the Sixty-fifth Congress."

Mr. SIMMONS. I make the point of order against that modification.

Mr. PENROSE. I want to say that the minority could have raised a point of order, in the opinion of some of us, on the motion of the chairman of the Finance Committee regarding the majority amendments, but we did not do so, and I think to carry out the unanimous-consent agreement in good faith it will not do any harm to have a vote on this motion to recommit. It will not take more than a few minutes.

The VICE PRESIDENT. If it be amended so as to direct the Committee on Finance to report at the next sesssion of Congress, the Chair rules that that is a final disposition of the bill. The Senator from Pennsylvania requests the yeas and nays.

The yeas and nays were ordered and taken.

Mr. OWEN. In the absence of my pair I withhold my vote.

The result was announced—yeas 28, nays 51, as follows:

YEAS—28.

Brandegee	du Pont	McLean	Smoot
Clapp	Fernald	Oliver	Townsend
Clark	Harding	Page	Wadsworth
Colt	Jones	Penrose	Warren
Cummins	Kenyon	Poindexter	Watson
Curtis	Lodge	Sherman	Weeks
Dillingham	McCumber	Smith, Mich.	Works

NAYS—51.

Ashurst	Chilton	Husting	La Follette
Bankhead	Fletcher	James	Lane
Beckham	Hardwick	Johnson, Me.	Lea, Tenn.
Broussard	Hitchcock	Johnson, S. Dak.	Lee, Md.
Bryan	Hollis	Kern	Lewis
Chamberlain	Hughes	Kirby	Martin, Va.

Myers	Pomerene	Shields	Thompson
Newlands	Ransdell	Simmons	Tillman
Norris	Reed	Smith, Ga.	Underwood
O'Gorman	Robinson	Smith, Md.	Vardaman
Overman	Saulsbury	Stone	Walsh
Phelan	Shafroth	Swanson	Williams
Pittman	Sheppard	Thomas	

NOT VOTING—17.

Borah	Gallinger	Martine, N. J.	Sterling
Brady	Goff	Nelson	Sutherland
Catron	Gore	Owen	
Culberson	Gronna	Smith, Ariz.	
Fall	Lippitt	Smith, S. C.	

So Mr. PENROSE's motion was rejected.

The VICE PRESIDENT. The bill is in the Senate and open to further amendment. If there be no further amendment to be offered, the bill will be read the third time.

The bill was ordered to a third reading and read the third time.

The VICE PRESIDENT. Shall the bill pass?

Mr. CURTIS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when Mr. GRONNA's name was called). I wish to announce the pair of the Senator from North Dakota [Mr. GRONNA] with the senior Senator from Maine [Mr. JOHNSON]. If the Senator from North Dakota were present, he would vote "nay."

Mr. JOHNSON of Maine (when his name was called). I transfer my pair with the junior Senator from North Dakota [Mr. GRONNA] to the senior Senator from Texas [Mr. CULBERSON] and vote "yea."

The roll call having been concluded, the result was announced—yeas 47, nays 33, as follows:

YEAS—47.

Ashurst	Husting	Newlands	Shields
Bankhead	James	O'Gorman	Simmons
Beckham	Johnson, Me.	Overman	Smith, Ga.
Broussard	Johnson, S. Dak.	Phelan	Smith, Md.
Bryan	Kern	Pittman	Stone
Chamberlain	Kirby	Pomerene	Swanson
Chilton	Lane	Ransdell	Thompson
Fletcher	Lea, Tenn.	Reed	Tillman
Hardwick	Lee, Md.	Robinson	Underwood
Hitchcock	Lewis	Saulsbury	Walsh
Hollis	Martin, Va.	Shafroth	Williams
Hughes	Myers	Sheppard	

NAYS—33.

Borah	du Pont	McLean	Townsend
Brady	Fall	Norris	Wadsworth
Brandegee	Fernald	Oliver	Warren
Clapp	Harding	Page	Watson
Clark	Jones	Penrose	Weeks
Colt	Kenyon	Poindexter	Works
Cummins	La Follette	Sherman	
Curtis	Lodge	Smith, Mich.	
Dillingham	McCumber	Smoot	

NOT VOTING—16.

Catron	Gore	Nelson	Sterling
Culberson	Gronna	Owen	Sutherland
Gallinger	Lippitt	Smith, Ariz.	Thomas
Goff	Martine, N. J.	Smith, S. C.	Vardaman

So the bill was passed.

ARMED MERCHANT SHIPS.

Mr. STONE, Mr. MYERS, and Mr. LEE of Maryland addressed the Chair.

The VICE PRESIDENT. The Senator from Missouri.

Mr. STONE. Mr. President, on yesterday I introduced a bill (S. 8322) authorizing the arming of merchant ships and for other purposes. I desire to have that bill considered, and to that end I move that the Senate now adjourn until 12.40 o'clock forenoon, March 1.

Mr. PENROSE. Mr. President, I move to amend the motion by making the hour to which we shall adjourn 10.30 o'clock this morning. I know the motion is not debatable; but on that question I ask for the yeas and nays.

Mr. HUGHES. I move to lay the amendment on the table.

Mr. PENROSE. The motion is not debatable. I ask for the yeas and nays on the motion.

The VICE PRESIDENT. The Senator from Missouri moves that the Senate adjourn until 12.40 a. m. of March 1. The Senator from Pennsylvania moves to amend that motion so that the Senate will adjourn until 10.30 a. m. of March 1. The Senator from New Jersey moves to lay the motion of the Senator from Pennsylvania on the table. The yeas and nays have been called for.

Mr. HUGHES. I withdraw the motion to lay the amendment on the table.

The VICE PRESIDENT. Very well. The Senator from Pennsylvania moves to amend the motion of the Senator from Missouri so as to make the time 10.30 o'clock a. m. Are the yeas and nays requested?

Mr. PENROSE. Yes, sir.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. JOHNSON of Maine (when his name was called). I transfer my pair with the Senator from North Dakota [Mr. GRONNA] to the Senator from Texas [Mr. CULBERSON] and vote "nay."

The roll call having been concluded, the result was announced—yeas 27, nays 47, as follows:

YEAS—27.

Brandegee	Harding	Oliver	Townsend
Clapp	Jones	Page	Wadsworth
Clark	Kenyon	Penrose	Warren
Colt	La Follette	Poindexter	Watson
Cummins	Lodge	Sherman	Weeks
Curtis	McCumber	Smith, Mich.	Works
Fernald	Norris	Smoot	

NAYS—47.

Ashurst	Husting	O'Gorman	Smith, Ga.
Bankhead	James	Overman	Smith, Md.
Beckham	Johnson, Me.	Phelan	Stone
Broussard	Johnson, S. Dak.	Pittman	Swanson
Bryan	Kern	Pomerene	Thomas
Chamberlain	Kirby	Ransdell	Thompson
Chilton	Lane	Reed	Tillman
Fletcher	Lea, Tenn.	Robinson	Underwood
Hardwick	Lee, Md.	Saulsbury	Vardaman
Hitchcock	Lewis	Shafroth	Walsh
Hollis	Martin, Va.	Sheppard	Williams
Hughes	Newlands	Simmons	

VOT VOTING—22.

Borah	Fall	McLean	Smith, Ariz.
Brady	Gallinger	Martine, N. J.	Smith, S. C.
Catron	Goff	Myers	Sterling
Culberson	Gore	Nelson	Sutherland
Dillingham	Gronna	Owen	
du Pont	Lippitt	Shields	

So the amendment of Mr. PENROSE to the motion of Mr. STONE was rejected.

Mr. LA FOLLETTE. Mr. President, I move to amend the motion of the Senator from Missouri by providing that we adjourn to meet at 10 o'clock a. m. of this day, and on that motion I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. JOHNSON of Maine (when his name was called). I make the same transfer of my pair as heretofore announced and vote "nay."

The roll call was concluded.

Mr. OWEN. I transfer my pair to my colleague, the Senator from Oklahoma [Mr. GORE], and vote "nay."

The result was announced—yeas 21, nays 51, as follows:

YEAS—21.

Brandegee	Fernald	Norris	Warren
Clapp	Jones	Penrose	Weeks
Clark	Kenyon	Poindexter	Works
Colt	La Follette	Sherman	
Cummins	Lodge	Smoot	
Curtis	McCumber	Wadsworth	

NAYS—51.

Ashurst	Hollis	Newlands	Sheppard
Bankhead	Hughes	O'Gorman	Shields
Beckham	Husting	Oliver	Simmons
Borah	James	Overman	Smith, Ga.
Broussard	Johnson, Me.	Owen	Smith, Md.
Bryan	Johnson, S. Dak.	Phelan	Smith, Mich.
Chamberlain	Kern	Pittman	Stone
Chilton	Kirby	Pomerene	Swanson
Fall	Lane	Ransdell	Thomas
Fletcher	Lea, Tenn.	Reed	Thompson
Harding	Lee, Md.	Robinson	Vardaman
Hardwick	Lewis	Saulsbury	Williams
Hitchcock	Martin, Va.	Shafroth	

NOT VOTING—24.

Brady	Goff	Myers	Sutherland
Catron	Gore	Nelson	Tillman
Culberson	Gronna	Page	Townsend
Dillingham	Lippitt	Smith, Ariz.	Underwood
du Pont	McLean	Smith, S. C.	Walsh
Gallinger	Martine, N. J.	Sterling	Watson

So Mr. LA FOLLETTE's amendment to the motion of Mr. STONE was rejected.

Mr. HITCHCOCK. I move to amend the motion of the Senator from Missouri by providing that the Senate adjourn until 12.55 a. m. March 1.

Mr. STONE. I hope that will be done.

Mr. SWANSON. On that I demand the yeas and nays.

The VICE PRESIDENT. The Senator from Nebraska moves to amend the motion of the Senator from Missouri by providing that the Senate shall adjourn until 12.55 a. m. The yeas and nays have been called for and seconded, and the Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. MYERS (when his name was called). I transfer my pair with the junior Senator from Connecticut [Mr. McLEAN],

who is absent, to the senior Senator from New Jersey [Mr. MARTINE] and vote "yea."

Mr. OWEN (when his name was called). I make the same transfer as before and vote "yea."

Mr. SMITH of Maryland (when his name was called). Has the senior Senator from Vermont [Mr. DILLINGHAM] voted?

The VICE PRESIDENT. He has not.

Mr. SMITH of Maryland. I have a pair with that Senator. In his absence I withhold my vote.

The roll call was concluded.

Mr. JOHNSON of Maine. I make the same transfer of my pair as before and vote "yea."

The roll call resulted—yeas 60, nays 9, as follows:

YEAS—60.

Ashurst	Hughes	Newlands	Simmons
Beckham	Husting	O'Gorman	Smith, Ga.
Borah	James	Oliver	Smith, Mich.
Brady	Johnson, Me.	Overman	Smoot
Brandegee	Johnson, S. Dak.	Owen	Stone
Broussard	Kenyon	Phelan	Swanson
Bryan	Kern	Pittman	Thomas
Chamberlain	Kirby	Pomerene	Thompson
Chilton	Lane	Ransdell	Townsend
Fall	Lea, Tenn.	Reed	Underwood
Fletcher	Lee, Md.	Robinson	Vardaman
Harding	Lewis	Saulsbury	Wadsworth
Hardwick	Lodge	Shafroth	Warren
Hitchcock	Martin, Va.	Sheppard	Weeks
Hollis	Myers	Shields	Williams

NAYS—9.

Cummins	La Follette	Norris	Sherman
Curtis	McCumber	Poindexter	Watson
Fernald			

NOT VOTING—27.

Bankhead	du Pont	McLean	Smith, S. C.
Catron	Gallinger	Martine, N. J.	Sterling
Clapp	Goff	Nelson	Sutherland
Clark	Gore	Page	Tillman
Colt	Gronna	Penrose	Walsh
Culberson	Jones	Smith, Ariz.	Works
Dillingham	Lippitt	Smith, Md.	

The VICE PRESIDENT (at 12 o'clock and 45 minutes a. m., Thursday, March 1). On the motion of the Senator from Nebraska [Mr. HITCHCOCK] the yeas are 60 and the nays are 9. The Senate stands adjourned until 12 o'clock and 55 minutes a. m. of this 1st day of March, in the year of our Lord 1917.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *February 28, 1917.*

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Infinite Spirit, in whose all-encircling love we dwell, which reflects itself from a thousand angles in all the works of Thy hands and poured itself out in humble submission and a heroic sacrifice to truth on the Hill of Calvary, inspire us with increasing faith and devotion that we may reflect Thy love as individuals and as a nation in our intercourse with our fellow men, doing unto others as we would be done by, so fulfilling the Law and the Prophets. In His Name, amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS.

Mr. HUSTED. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from New York rise?

Mr. HUSTED. I ask unanimous consent, Mr. Speaker, to extend my remarks in the RECORD by printing a set of resolutions adopted by the Chamber of Commerce of the State of New York relating to the protection of American lives and property at sea.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none.

The following is the resolution referred to:

CHAMBER OF COMMERCE,
STATE OF NEW YORK.

At a special meeting of the Chamber of Commerce of the State of New York, held February 26, 1917, the following preamble and resolutions presented by the executive committee were unanimously adopted:

PROTECTION OF AMERICAN LIVES AND PROPERTY AT SEA.

To the Chamber of Commerce:

The executive committee feels it to be an imperative duty to address the chamber concerning certain phases of the international situation created by the letter and memorandum to our Government filed by the ambassador of the Imperial German Government on January 31 last.

The committee appreciates the complex and delicate character of the situation, and is moved to address the chamber at this time in order that the chamber itself may again assure the Government in Washington of its cordial support and at the same time convey to the administration some respectful expression of its own convictions.

The memorandum filed with our Government by the Imperial German Government announces the purpose of Germany to conduct, beginning on February 1, submarine warfare upon all shipping whether neutral or belligerent found within certain wide areas prescribed as a barred zone. The official announcement of the German Government was:

From February 1, 1917, sea traffic will be stopped with every available weapon and without further notice in the following barred zones around Great Britain, France, Italy, and in the eastern Mediterranean.

While this purported to announce the establishment of a blockade, the avowed method of maintaining it by sinking without warning all ships in the prescribed zone has no precedent in war between civilized nations, nor has it any parallel outside the practices of piracy. Moreover, the history of modern nations contains no instance of such an affront to a friendly power as that embodied in the terms of the proposal of the Imperial German Government with regard to the treatment of American ships in the areas declared to be blockaded. The memorandum stated that regular American passenger steamers can go unmolested—

If they ply only to and from Falmouth, England;

If they steer along a specified course;

If such steamers be painted in a peculiar way and fly a prescribed flag and carry the national emblem in a place designated;

If only one steamer runs each week in each direction, arriving at Falmouth on Sundays, and leaving Falmouth on Wednesdays; and

If the American Government gives assurance that these steamers, according to the German standard, carry no contraband.

It was obvious on receipt of this letter and memorandum that the patience of the Government of the United States could endure no more, and that friendly relations could no longer be maintained with a Government which thus deliberately repudiated the usual practices of civilized States.

The action of the President in handing the German ambassador his passports met with the instant and unhesitating approval of all the people of the United States; this was apparent on the face and in the actions of every man in the street and was reflected in the press of the whole country.

Nearly a month has passed since the communication from the Imperial German Government was received. Commerce between all ports in the United States and Europe in ships flying the American flag is now largely suspended, with results which, if continued, will progressively restrict the business of the entire Nation.

We understand that in critical times like these the Government can not publicly discuss every pending question, but in a democracy it is imperative that the people should know at all times and beyond peradventure that certain great underlying principles will be maintained at any cost; and therefore we respectfully suggest that the Government should let the public know how it intends to maintain and enforce our rights at sea and what arrangements it proposes to make for the safety of our ships and the lives of our seamen and citizens traveling by them. The public assumes, in view of the unqualified declaration of the Imperial German Government and the activities of its submarine fleet since February 1, that the conditions laid down for American shipping will be adhered to by that Government so far as lies within its power notwithstanding the terms of the treaty of 1799, reaffirmed in 1828.

The steamers of what are known as the "American Line" have for more than 20 years carried the mails under contract with the United States Government, and to that extent have acquired an official status. They have been for a considerable period the only means by which American citizens could travel to and from Europe under the protection of their own flag. The suspension of this service, under the threat of destruction by German submarines, with the change in routing passenger ships of neutral countries, leaves American citizens here or abroad, whose business or family interests require them to travel between Great Britain and America, no choice but to sail on ships under the British flag which it is the declared purpose of the Imperial German Government to sink without warning wherever and whenever met. This creates an intolerable condition.

In the absence, therefore, of any information which makes it reasonable to assume that the Imperial German Government did not mean what it said in this memorandum, and in the absence of any evidence showing that it is not the purpose of that Government to sink without warning American ships met in the barred zone, it is the opinion of your committee that the Government of the United States should immediately equip all American steamers carrying mail to and from Europe under contract with naval guns and gun crews for their protection; that it should notify the Imperial German Government of its action, and that any attack upon these ships will be regarded as a casus belli.

Therefore your committee offers the following preamble and resolutions and urges their adoption:

"Whereas during two and a half years of war in Europe the Government of the United States has in the interests of peace patiently and with almost unprecedented forbearance submitted to many assaults upon the lives and property of its citizens and has suffered indignities at home and abroad by command of the Imperial German Government inconsistent with the comity customary between civilized nations at peace with each other; and

"Whereas the President of the United States has discontinued diplomatic relations with Germany because of the declared purpose of that Government to commit further assaults upon the lives and property of our citizens by methods previously admitted by that Government to be illegal and since protested by the whole civilized world as both illegal and inhuman: Now therefore be it

"*Resolved*, That the Chamber of Commerce of the State of New York indorses and commends this action of the President; that it assures him of its heartiest and fullest support in whatever steps he may deem necessary for the protection of the lives and property of American citizens everywhere when following their lawful pursuits.

"*Resolved*, That it urges the Government immediately to adopt such protective measures as will assure the prompt resumption of regular steamship service by American ships engaged in European trade subject to the usual rules of war between civilized peoples.

"*Resolved*, That the Chamber of Commerce of the State of New York considers the German note as a menace to the inalienable right to life, liberty, and the pursuit of happiness, to establish which our forefathers fought and to maintain which the people of this country are willing now to fight.